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EXTENSION OF THE WOOL ACT OF 1954, AS AMENDED

HEARINGS

p47-61

BEFORE THE
SUBCOMMITTEE ON
LIVESTOCK AND FEED GRAINS
OF THE
COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

H.R. 3427, H.R. 3652, H.R. 3680, H.R. 3730,
H.R. 3893, H.R. 3992, H.R. 3993, H.R. 4085,
H.R. 4115, H.R. 4126, H.R. 4159, H.R. 4425,
H.R. 4455, H.R. 4617, H.R. 4828, and H.R. 6063

APRIL 19 AND 20, 1961

Serial G

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EXTENSION OF THE WOOL ACT OF 1954, AS AMENDED

WEDNESDAY, APRIL 19, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 10:05 a.m., pursuant to notice, in room 1310, New House Office Building, Hon. W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage, Jones of Missouri, Jennings, Matthews, Coad, Breeding, Harding, Quie, Short, Mrs. May, Latta, and Harvey.

Also present: Representatives McIntire, Findley, and Reifel.

Hyde H. Murray, assistant clerk, and John Heimbarger, counsel.

Mr. POAGE. The subcommittee will come to order.

The bills before us will be made a part of the record.

(The bills follow:)

[H.R. 3680, 87th Cong., 1st sess.]

A BILL To extend the operation of the National Wool Act of 1954, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in section 703 of the National Wool Act of 1954, as amended (68 Stat. 910, 72 Stat. 994; 7 U.S.C. 1782), the second sentence is amended to read as follows: "Such price support shall be limited to wool and mohair marketed on or after April 1, 1955."

(H.R. 3680 was introduced by Mr. Poage. Identical bills and their authors are: H.R. 3652, Mr. Fisher; H.R. 3730, Mr. Battin; H.R. 3893, Mr. Montoya; H.R. 3992, Mrs. May; H.R. 3993, Mr. Clem Miller; H.R. 4085, Mr. Dominick; H.R. 4115, Mr. Harrison; H.R. 4126, Mr. King of Utah; H.R. 4159, Mr. Peterson; H.R. 4425, Mr. Hagen of California; H.R. 4455, Mr. Olsen; H.R. 4617, Mr. Morris; and H.R. 4828, Mr. Harding.)

[H.R. 3427, 87th Cong., 1st sess.]

A BILL To extend the National Wool Act of 1954 for three years

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 703 of the National Wool Act of 1954 is amended by striking out "March 31, 1962" and inserting in lieu thereof "March 31, 1965".

(H.R. 3427 was introduced by Mr. Berry. An identical bill, H.R. 6063, was introduced by Mrs. Pfost.)

Mr. POAGE. We will proceed with Mr. Miller.

**STATEMENT OF HON. CLEM MILLER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. MILLER. I want to go on record as being unqualifiedly in favor of the continuation of this program. The woolgrowers of my congressional district are in favor of it on balance. It has drawbacks, as we all know, but the woolgrowers—and I have more sheep than anybody in the State of California in my district—are unqualifiedly in favor of it.

Mr. Chairman, I have here a telegram signed by Joe Mendiduru, the president; Mr. Richard Anderson, vice president; and W. P. Wing, secretary, of the California Wool Growers, which I would request might be received into evidence.

Mr. POAGE. Without objection it will be made a part of the record.

(The telegram follows. Identical telegrams were received by Representatives Clem Miller, D. S. Saund, Bernie Sisk, J. Arthur Younger, and John F. Baldwin.)

Hearings on H.R. 3680 by Congressman Poage and identical bills by Congressmen Fisher, of Texas; Battin and Olsen, of Montana; Montoya, of New Mexico; Mrs. May, of Washington; Clem Miller and Hagen, of California; Dominick, of Colorado; Harrison, of Wyoming; King and Peterson, of Utah; to extend National Wool Act just scheduled for April 19 and 20. Our 21 branch associations located throughout California have endorsed permanent extension National Wool Act, also our State association with members in every one of California's 58 counties. We request this wire to you be included in hearing record and respectfully strongly urge your support of this legislation so necessary to the welfare of sheep industry.

CALIFORNIA WOOL GROWERS ASSOCIATION,
JOE MENDIDURE, *Bakersfield, President.*
RICHARD C. ANDERSON, *Chico, Vice President.*
W. P. WING, *San Francisco, Secretary.*

Mr. MILLER. I would like to conclude by saying that I hope this bill will be favorably reported out. This legislation is looked to by many sections as a way of solving the problems internally and without expense to other segments of our economy. I hope it will receive favorable attention of the committee.

Mr. POAGE. Thank you, Mr. Miller.

I wonder if I might be allowed to place in the record a telegram from John Baird, president of the Ohio Sheep Improvement Association, supporting this bill; a telegram from Paul Getz, manager of the Ohio Wool Growers Association, supporting the legislation; a letter from our colleague, D. S. Saund, of California, endorsing the legislation, and asking that a telegram from the California Wool Growers Association be placed in the record; and a letter from Homer L. Brinkley, executive vice president of the National Council of Farmer Cooperatives, supporting the legislation.

(The communications follow:)

NATIONAL COUNCIL OF FARMER COOPERATIVES,
Washington, D.C., April 18, 1961.

HON. W. R. POAGE,
*Chairman, Livestock and Feed Grain Subcommittee,
Committee on Agriculture,
U.S. House of Representatives,
Washington, D.C.*

DEAR MR. POAGE: We wish to express our support of H.R. 3680 which would extend the operation of the National Wool Act of 1954, as amended.

It is the belief of the members of the National Council of Farmer Cooperatives in the sheep and wool industry that H.R. 3680 would continue the original intent of Congress in encouraging the domestic production of wool.

We support the declaration of policy contained in the original bill which states, "It is recognized that wool is an essential and strategic commodity which is not produced in quantities and grades in the United States to meet the domestic needs and that the desired domestic production of wool is impaired by the depressing effects of wide fluctuations in the price of wool in the world markets. It is declared to be the policy of Congress, as a measure of national security and in promotion of the general economic welfare, to encourage the annual domestic production of approximately 300 million pounds of shorn wool, grease basis, at prices fair to both producers and consumers in a manner which will have the least adverse effects upon foreign trade."

According to the USDA Crop Reporting Board of the Agricultural Marketing Service, the 1960 domestic shorn wool production is estimated at 265.3 million pounds, grease basis. This is 34.7 million pounds below the original intent expressed in the declaration of policy of Congress when the Wool Act was first passed in 1954. Since the passage of the act in 1954, shorn wool production has risen approximately 30 million pounds, thus lending support to the premise that the Wool Act has encouraged a steady and solid growth in domestic production, while, at the same time, not placing wool in a surplus position in American agriculture.

In addition, the encouragement of production in the sheep and wool industry will provide the American farmer an opportunity to enter or expand in a field that will convert cropland to grazing land, thus reducing available acres for the production of crops that may be currently in surplus. Also, converting cropland to grassland has an added feature from a soil and water conservation standpoint. The natural fertilization process of domestic animals on grassland, plus permitting the land to lay idle, increases the future food and fiber production potential of the Nation, when or if, conditions may arise requiring expansion of production in American agriculture to fulfill the needs of a rapidly growing population.

We request that this letter be made a part of the record on H.R. 3680.

Sincerely yours,

HOMER L. BRINKLEY,
Executive Vice President.

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 18, 1961.

Hon. W. R. POAGE,
Chairman, Livestock and Feed Grains Subcommittee,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am writing to indicate my support for your bill, H.R. 3680, to make permanent the provisions of the National Wool Act of 1954.

Enclosed is a telegram which I have received from the California Wool Growers Association, signed by the president, vice president, and secretary, in support of your bill and similar legislation upon which hearings are to be held April 19 and 20. This is to request that the telegram be entered as part of the official record of the hearing.¹

I would also appreciate it if my letter is made a part of the record and that my complete endorsement of H.R. 3680 is indicated.

The 29th Congressional District of California, which I have the privilege to represent in the Congress, is an important woolgrowing and lamb-feeding area. Many sheep industry representative in the 29th District have asked me also to express their personal support of this legislation.

With kindest personal regards.

Sincerely yours,

D. S. SAUND,
Member of Congress.

¹ The telegram from California Wool Growers Association appears on p. 2.

COLUMBUS, OHIO,
April 18, 1961.

Congressman W. R. POAGE,
House of Representatives,
Office Building, Washington, D.C.:

The Ohio Sheep Improvement Association board of directors and membership desire to inform you that we in Ohio are on record to support and work for extension of National Wool Act for an unlimited period of years. We extend to you our appreciation for your efforts and wish to support your bill H.R. 3680.

Sincerely,

JOHN BAIRD,
President, Ohio Sheep Improvement Association,
Route 1, Marysville, Ohio.

COLUMBUS, OHIO,
April 18, 1961.

Congressman W. R. POAGE,
The House Office Building, Washington, D.C.:

Our association passed resolution favoring permanent extension of Wool Act. Your support of wool legislation appreciated.

PAUL GETZ,
Manager, Ohio Wool Growers Association,
Columbus, Ohio.

Mr. POAGE. And I was requested yesterday by Mr. Patton of the Farmers Union for permission to place in the record a statement from his organization, favoring the legislation. If there is no objection, this will also go in the record.

(The National Farmers Union paper appears on p. 105.)

Mr. POAGE. We, also, have a telegram received by Congressman Findley and other telegrams and, without objection, all of those will be included in the record.

(The telegrams follow:)

COLUMBIA, Mo., April 18, 1961.

HON. PAUL FINDLEY,
House Office Building, Washington D.C.:

Just informed hearings on House wool bills scheduled April 19 and 20. American Corriedale Association considers permanent extension National Wool Act vital to future of entire sheep industry. Our association asks your assistance in order that its endorsement of the Wool Act be included in the hearing record.

CARL H. DUNBAR,
President, American Corriedale Association, Bushnell, Ill.

GARDINER, MAINE, April 18, 1961.

HON. CLIFFORD MCINTIRE,
Congress of the United States,
House of Representatives, Washington, D.C.:

Please include in hearing record the endorsement of the Maine Sheep Breeders Association as unanimously in favor of continuance of the National Wool Act. Our association has a membership of over 600.

HAROLD G. CLARK,
President, Maine Sheep Breeders Association.

Mr. MILLER. Thank you very much.

Mr. POAGE. We will next hear Mr. Harrison of Wyoming.

STATEMENT OF HON. WILLIAM HENRY HARRISON, A CONGRESSMAN AT LARGE FROM THE STATE OF WYOMING

Mr. HARRISON. I just want to say I appreciate this opportunity of going on record in favor of the National Wool Act. My bill, of course, is for a permanent extension. Whether it is a permanent extension or temporary extension I do not think is the big question at this time. However I do think there must be an extension of the act within a reasonable period of time to prevent confusion later.

Wyoming woolgrowers are very, very much interested in this matter. Wyoming, of course, is one of the larger woolgrowing States. It would be a serious blow to our economy if this legislation was not passed within this session of Congress. I do hope that this committee will see that this legislation receives prompt action after this hearing and that it is reported favorably to the House and that we will be able to state to our woolgrowers that we have taken care of them at this session of the Congress.

Thank you.

Mr. POAGE. Thank you, Mr. Harrison.

We want to hear from Mr. Dominick, of Colorado, at this time.

STATEMENT OF HON. PETER H. DOMINICK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. DOMINICK. Thank you, Mr. Chairman. I appreciate your courtesy and that of the other members in giving me the opportunity to appear on behalf of this legislation.

On February 9 I was glad to introduce a bill advocating the permanent extension of the act.

I have nothing in particular to add except my own endorsement. In Colorado the wool industry grosses \$30 million a year.

We do not claim to be the biggest woolgrowing State in the country, but we are of some size and the Wool Act has been and will be of great aid.

I have had some correspondence which might be of interest to the subcommittee indicating that there might be some advisability in changing the marketing year under the act. I simply bring this up for your discussion. There seems to be some feeling that when you have a marketing year from April 1 to March 31, that it has a depressing effect on the market about 6 weeks prior to the end of each marketing year—and that if you put it on a calendar year basis you would not have this depressing effect—I simply bring this up for your consideration.

The other thing that I would like to add here, I have received a telegram from Mr. Field, secretary of the Colorado Wool Growers Association.

Mr. POAGE. Before you pass to another subject, you believe in a permanent extension?

Mr. DOMINICK. That is correct. But in case there is not a permanent extension, a change in the marketing year might be considered. Mr. Field, secretary of the Colorado Wool Growers Association, states that the Colorado woolgrowers support this bill for a permanent extension, and asked me to convey this to the committee. I ask that this telegram be made a part of the record.

Mr. POAGE. Without objection it will be made a part of the record.
(The telegram follows:)

DENVER, COLO., April 17, 1961.

HON. PETER DOMINICK,
House Office Building, Washington, D.C.:

Understand hearings on National Wool Act will be April 19-20. This association, representing Colorado sheep producers, endorses permanent extension of Wool Act as providing greater degree of stability for our industry. Urge your assistance and request that our views be included in the hearing record.

Respectfully,

ROBERT FIELD,
Colorado Wool Growers Association.

Mr. DOMINICK. Mr. Chairman, I have a brief statement here, if I may I will ask it to be included.

Mr. POAGE. Without objection it will be made a part of the record.
(The statement follows:)

STATEMENT OF HON. PETER H. DOMINICK, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF COLORADO

Mr. Chairman and members of the committee, I appreciate your courtesy in giving me the opportunity to testify in support of the proposal that the Wool Act be made permanent. Prior to passage of the original Wool Act, the industry had been proceeding on a steady downward trend both economically and as far as the quality of the wool was concerned. The act itself was thoroughly considered by the woolgrowers and was passed in the form in which it now appears. It was originally thought that since this was fundamentally an experimental program, the act need not be made permanent but should be subject to review by Congress to see whether it was attaining its purpose.

It has been extended by Congress as the merit of its provisions have proven out, and it seems to me that it has now received sufficient experience in the field so that it can be made a permanent piece of legislation which will operate for the benefit of the woolgrowers without being of any substantial expense to the taxpayers.

H.R. 4085, which I introduced on the subject, is, of course, very simple. Its sole purpose is to remove from the existing act the expiration date, thereby making the bill permanent. No other changes have been suggested by this bill. Recently, however, I have received word from some rather prominent wool producers indicating that it might be advisable to change the marketing year in the act to a calendar year and get away from the present provisions which run from April 1 to March 31. It was his feeling that the present date results in a depressing effect on the market in the 10 weeks prior to the yearly expiration date. It is his feeling that a calendar year would more evenly balance marketings and have less of a depressing effect prior to the yearly termination date.

I would also like to make sure that the record shows that a permanent extension of the act in its present form has been strongly urged by the Colorado Wool Growers Association. I have received a telegram to this effect from Mr. Robert Field, secretary, Colorado Wool Growers Association.

Although I recognize that in my own district wool is not a major commodity, nevertheless, this act is extremely important to the State as a whole and to the Rocky Mountain West. It is for that reason that I am happy not only to be able to introduce such a bill, but to urge its passage before this subcommittee.

Mr. POAGE. Thank you very much.

We will now hear from Mr. Chenoweth.

STATEMENT OF HON. J. EDGAR CHENOWETH, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF COLORADO

Mr. CHENOWETH. I appreciate this opportunity to appear before you in support of the extension of the Wool Act and I wish to submit a brief statement.

Mr. POAGE. Without objection that will be included.
(The statement follows:)

STATEMENT OF HON. J. EDGAR CHENOWETH, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF COLORADO

Mr. Chairman, and members of the committee, I appreciate the opportunity to appear in support of the extension of the National Wool Act. I urge the committee to approve the extension of this act, which has been so beneficial to our domestic woolgrowers.

I received the following wire from Mr. Robert Field, secretary of the Colorado Wool Growers Association:

"Understand hearings on National Wool Act will be April 19-20. This association representing Colorado sheep producers endorses permanent extension of Wool Act as providing greater degree of stability for our industry. Urge your assistance and request that our views be included in the hearing record."

I wish to join Mr. Field in urging the permanent extension of the Wool Act. I feel that a permanent law would be in the best interests of our domestic wool industry, and for the economy of our Nation. Everyone is agreed that the Wool Act has been of inestimable help to the wool industry. The favorable experience with this act over the years strongly supports the proposal that this law now be made permanent.

I wish to include in my remarks an editorial by Mr. Brett Gray of Denver, which appears in the Record Stockmen this week. Mr. Gray is with the Western Wool Processors, Inc., and has been connected with the wool industry for many years. He served as executive secretary of the Colorado Wool Growers Association for some 5 years, and lately spent 3 years as market analyst for the American Sheep Producers Council. Mr. Gray is in a position to speak with authority on the wool industry, and I am pleased to call his comments to the attention of the committee:

"It is my sincere belief that the sheep owners would be better served if the wool marketing year were changed from the present April 1 date to January 1. The present marketing year date cost the woolgrower and lamb feeder considerably this year. I make the statement with authority, because for the past 10 weeks I have seen what has happened. Prices paid to growers and feeders depressed under the weight of excessive shearing and the rush to get the wool sold before April 1.

"Millmen and speculators are not to be blamed for this trend. We are all ready to buy a bargain when offered. This down trend has been exactly opposite to the trend of wool prices in the world market, and offers substantial proof of the need for a change. Carl Nadasdy, general manager of the North Central Wool Marketing Corporation, points out this wool dumping problem in the April issue of the Wool Sack as being bad for everyone.

"So let us face the issue clearly and take logical action to remedy the situation. We cannot expect that growers will change the early shearing and forced marketing trend. The only answer is to set the marketing year on January 1, when fewer sheep are shorn and less grower owned or controlled wool is being sold.

"At the very least, the marketing year limits should not be set out in the act itself, but should be left to the judgment of the Secretary of Agriculture after meeting with the wool industry."

Mr. Chairman, I have greatly appreciated this opportunity to appear before your committee. I want to thank you for holding these hearings, and I hope that a bill extending the National Wool Act as permanent legislation will be reported at an early date. Thank you very much.

Mr. CHENOWETH. I would like to state that I feel the Wool Act of 1954 has been one of the most beneficial laws enacted since I came to Congress. I think everyone agrees that this act has been of tremendous importance, not only to the wool producers, but to the entire economy of the country.

I assume that the extension of the act will be approved and it is more or less a question of whether it will be on a permanent basis. I strongly urge that this be made a permanent law.

Mr. Chairman, I want to commend you on your interest in this legislation and for your splendid leadership over the years.

I have a wool scouring plant in my district.

Mr. POAGE. That is very fine.

Mr. CHENOWETH. We are cleaning this wool before it is shipped east. This plant has been working out very well and the operation has been successful. The plant is located in Rocky Ford, Colo., and is operated by the Western Wool Processors, Inc. The plant processes not only Colorado wool, but also wool from New Mexico, Oklahoma, and Wyoming. I hope the committee will be able to visit the plant sometime soon. Thank you, Mr. Chairman.

Mr. POAGE. Thank you.

Next is Mr. Morris.

**STATEMENT OF HON. THOMAS G. MORRIS, CONGRESSMAN AT
LARGE, FROM THE STATE OF NEW MEXICO**

Mr. MORRIS. My colleague, Congressman Montoya, and I have a joint statement and I would like to ask unanimous consent to put in the statement.

Mr. POAGE. That will be granted.

(The statement follows:)

**JOINT STATEMENT OF HON. THOMAS G. MORRIS AND JOSEPH M. MONTAYA,
REPRESENTATIVES IN CONGRESS FROM THE STATE OF NEW MEXICO**

Mr. Chairman and members of the subcommittee, we appreciate this opportunity to appear before you in support of our bills to extend the National Wool Act, and join our many colleagues in urging enactment of this legislation.

We have seen, as a result of the stimulus of incentive payments under the act beginning in 1955, shorn wool production in the United States reach 265.3 million pounds in 1960. This is the highest level of wool production in the Nation since 1946. It is also interesting to note that shorn wool production has increased more than 22 percent since 1950 and more than 13 percent since 1955. This increase in wool production has been a direct result of the National Wool Act.

Since 1955 the support level for wool, under the act, has been maintained at a stable level of 62 cents a pound each year. Incentive payments have varied from 15 to 70 percent of the market price while total payments have varied from \$16 to \$85 million. Through this program the producers are making excellent progress toward the annual goal of 300 million pounds of shorn wool. Mr. Chairman, this is one farm act which has shown positive results, and needs to be maintained.

Our own State of New Mexico produces about 11.7 million pounds of wool a year. Our wool producers and farm organizations favor an extension of the act, as well as its continuation indefinitely.

In view of the accomplishments of the National Wool Act thus far, we urge its immediate extension in order that sheep raisers may be assured of the continuation of an incentive price for their wool for 1962 and for the next several years. Our sheep growers are deserving of this much protection and we sincerely trust you will approve the extension of the act without delay.

Thank you.

Mr. MORRIS. It seems to me that this bill is like other bills: everybody seems to be in favor of it, at least for the time being.

I think personally it has been of great benefit to the wool and sheep industry nationally and I know that it has been very helpful to the sheep and wool growers in New Mexico.

As to the question of its being a permanent or temporary act, I leave that entirely to the discretion of this subcommittee. I think

you are in a much better position to judge this than I, or probably anyone else who may appear before you. But I do think that it is of paramount importance to the woolgrowers and the sheepmen in this country that you extend the act, at least for several years, if not permanently.

And, Mr. Chairman, I want to take this opportunity to compliment you personally and the members of your committee for the speedy manner in which you are holding these hearings and I hope you can act on it in the near future.

Thank you.

Mr. POAGE. Thank you, Mr. Morris.

Mr. Smith is our next witness.

**STATEMENT OF HON. NEAL SMITH, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF IOWA**

Mr. SMITH. I, too, want to say that I certainly support this bill. I have personally participated under it as a producer and know that it has worked pretty well.

I think there has been a little, perhaps, difference of opinion as to whether the incentive payment should be only to the person who last owned the sheep before it was marketed or whether it should be continued the way it is, but I believe most all producers favor extension of the act.

I would like, if I could, to leave a couple of telegrams with the committee.

Mr. POAGE. Without objection they will be included in the record.

Mr. SMITH. Thank you very much.

(Telegrams, identical to the following, were received by Representatives Neal Smith and Merwin Coad.)

Iowa State Sheep Association and Iowa Lamb Feeders Association support permanent continuance of National Wool Act as follows: Seller of unshorn lambs at slaughter level and owned 30 days receive full incentive payment and/or seller of wool from lambs and sheep owned 30 days receive full incentive payment.

JOHN SHIVVERS, *Knoxville,*
OTIS BUDLONG, *Cedar Falls,*
J. C. BUCKNER, *Maquoketa,*
HOWARD WATTERS, *Danville,*
State House, Des Moines, Iowa.

(Telegrams, identical to the following, were received by Representatives Neal Smith, Merwin Coad, and Charles B. Hoeven.)

House hearings for wool legislation will start Wednesday; 33,734 wool producers of Iowa will be very grateful for your support for permanent extension of National Wool Act as outlined in the brochure sent you recently by National Wool Growers Association with whom we are affiliated. We would also appreciate your having this wire included in the hearing record.

IOWA SHEEP & WOOL GROWERS ASSOCIATION,
CARL J. NADASDY, *General Manager.*

Mr. POAGE. We now have the man who represents more sheep than anybody in the House, Congressman Fisher, of Texas.

**STATEMENT OF HON. O. C. FISHER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS**

Mr. FISHER. Mr. Chairman, I strongly support the extension of the National Wool Act. The incentive program under this act has worked well, and should be continued.

It will be recalled that prior to the enactment of this law, various Government support programs were undertaken, and none of them were satisfactory. Those programs, which resulted in the Government getting deep into the wool business, were expensive, often unworkable, and were unacceptable to many of the growers. There were times when the Government owned as much as 100 million and even 200 million pounds of grease wool at a time, stored wherever space could be obtained. That wool created a cloud on the market, disrupted ordinary market procedures, and was subjected to fires, floods, and deterioration. It was an expensive program and was generally unsatisfactory.

Those of you who were not here in the days of the wool program when the Government was in the business cannot imagine what it was when the Government had as much as 200 million pounds of wool stored all over the country, a lot of it deteriorating because of various factors: wind, storm, fire, water, and what have you.

Then came the National Wool Act of 1954, which has been in effect ever since.

Much of the problem faced by woolgrowers in this country could be traced back to 1948 when the protective tariff on wool was reduced by 25 percent. Except for that drastic cut, it is considered likely that the growers could have made out without Government intervention. But it soon became evident that foreign competitors in New Zealand and Australia could pay the reduced duty, and because of their low cost of production move their wool in and undersell our growers. That condition created a depression in the domestic trade, and the Government moved in with the support programs.

Aside from the chaotic situation caused by the Government program, to which I have referred, the old support plan tended to push upward the price of wool to the mills and manufacturers. This played into the hands of the synthetic competitors. Domestic wool moved slowly in the markets and no one seemed to know at any particular time just what the market value was of a pound of wool. The price was clouded by so many factors.

The support program was so unsatisfactory that in 1953 the growers, joined by the Department of Agriculture, obtained a full-dress hearing before the Tariff Commission. After weeks of hearings, that Commission, almost unanimously as I recall, recommended to the President that an import fee be levied on imported wools. I believe the amount was 6 cents per pound.

But about that time some of the grower organizations were urging the Government to undertake an incentive program. When the Tariff Commission report was presented to President Eisenhower, he deferred action until the Congress could consider the new approach, which he recommended. This committee approved the incentive program for woolgrowers, steered the legislation through the House and the National Wool Act was born.

At first, you will recall, the committee felt that since the incentive plan was new and untried, it should be enacted on a temporary basis. In fact, the Senate version of that first act had no cutoff date, as I recall. But the House, wisely I think, decided to make it for only 4 years, so it could be reexamined. That was done, and the act was extended a second time.

Now another extension is necessary. I earnestly hope this committee will report a bill without a cutoff date in it. The program has been thoroughly tried, and has proven to be effective and workable. It lets domestic wool move freely and normally in the marketplaces. It avoids stockpiles and huge storage costs. It is financed exclusively from proceeds of duties levied on competitive wool and woollen products.

Sheepgrowers need to be able to plan ahead for several years. If this Congress should make this act permanent, there would be an upsurge in the confidence of growers in their future. Under a permanent arrangement, the Congress can, of course, reexamine the program and make any changes that may be considered desirable at any time.

I feel strongly, Mr. Chairman, that the Wool Act has proven to be the best answer obtainable to the woolgrowers' problems caused by excessive low-cost imports. And I respectfully urge that it be extended without a termination date.

Mr. POAGE. Thank you.

Is there any other Member of the House that wants to be heard?

STATEMENT OF CATHERINE MAY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mrs. MAY. Mr. Chairman, I would like to go on record as being in support of the position of the National Wool Growers Association, in favoring a permanent extension of the National Wool Act. As you know, pending before the committee is H.R. 3992 which I introduced on February 7 of this year and which would extend permanently the operation of the National Wool Act.

The act is a sound program which has worked well for the sheep industry and the consumer, and permanent extension would permit long-range planning and give the industry the stability which it needs. The Wool Act is a self-financing program, it does not tend to unbalance our foreign trade markets, and it allows domestic wool to go to the market rather than into Government storage.

Prior to enactment of the program in 1954, wool stockpiles were built up under former loan programs. The sheep industry, as a result, faced grave problems in marketing. However, the Wool Act has enabled reduction and elimination of these Government stockpiles, while at the same time wool production has increased to the benefit of both the industry and the consumer.

Over 3,000 farms in the State of Washington report shearing sheep, according to the latest statistics, and the 1960 production of shorn wool in the State of Washington amounted to nearly 3 million pounds.

I have received a telegram from Mr. Phillip B. Kern of Ellensburg, Wash., and secretary of the Washington Wool Growers Association, in which it is stated that this association, which speaks for the wool industry in my State, favors permanent extension of the act.

With your permission I would like this telegram made part of the hearing record at this point.

[Telegram]

ELLENSBURG, WASH., April 17, 1961.

CATHERINE MAY,
House of Representatives,
Washington, D.C.:

Washington Wool Growers Association endorses permanent extension national Wool Act. We would appreciate you asking to have this wire included in hearing record.

PHILLIP B. KERN,
Secretary, Washington Wool Growers Association.

Mr. POAGE. Without objection Mrs. May's telegram will be made a part of the record.

Mr. REIFEL. I have a telegram, too.

Mr. POAGE. Without objection all of these telegrams will be inserted in the record.

(The telegrams follow.)

PHOENIX, ARIZ., April 18, 1961.

HON. JOHN J. RHODES,
Member of Congress,
Washington, D.C.:

Understand hearings on Wool Act start tomorrow morning. Think National Wool Act should be permanently extended. Ask that this telegram be included in the hearings record.

ARIZONA WOOL GROWERS ASSOCIATION.
H. B. EMBACH.

MINNEAPOLIS, MINN., April 17, 1961.

Representative BEN REIFEL,
House of Representatives,
Washington, D.C.:

House hearings for wool legislation will start Wednesday. Fourteen thousand and ninety-four wool producers of South Dakota will be very grateful for your support for permanent extension of National Wool Act as outlined in the brochure sent you recently by National Wool Growers Association with whom we are affiliated.

CARL J. NADASDY,
General Manager, South Dakota Wool Growers Association.

BELLE FOURCHE, S. DAK., April 18, 1961.

Congressman BEN REIFEL,
Washington, D.C.:

Western South Dakota Sheep Growers Association urges your support of permanent extension National Wool Act.

WILLIAM E. ANDERSON, *Secretary.*

Mr. POAGE. We will now hear from Mr. Berry.

STATEMENT OF HON. E. Y. BERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH DAKOTA

Mr. BERRY. I am Representative E. Y. Berry of the Second District, South Dakota. I appreciate this opportunity to appear before your subcommittee today in support of my bill, H.R. 3427, and other measures to extend the National Wool Act.

As one of the original sponsors of the Wool Act in 1954 and the extension in 1958, I am vitally interested in this legislation.

In 1954 the U.S. Tariff Commission recommended an increase of 10 cents per pound in the tariff on imported wool. President Eisenhower felt at that time that it would not be advisable to implement this recommendation because it might adversely affect our friendly relations with Australia and other wool-producing nations, and in lieu thereof, the Wool Act was developed.

Under the act, tariff receipts on imported wool are used for incentive payments to American producers to boost national wool production. Payments are limited to 70 percent of these duties. It has proven to be one of the most workable, successful agricultural programs enacted.

The program was originally set up on a 4-year basis, because it was a new approach, and it was felt Congress should review the results at the end of that period. The merits were obvious, and an extension was granted, which will expire March 31, 1962.

In order that producers may make their plans, it is imperative that action be taken by the Congress during this session to extend the program, or if higher tariffs are not imposed, to put it on a permanent basis. Although my bill calls for a 3-year extension, I would wholeheartedly support a permanent extension.

In that connection, I wish to insert in the record the following telegrams which I have received from producer groups in my District:

Representative E. Y. BERRY,
House of Representatives, Washington, D.C.:

House hearings for wool legislation will start Wednesday. Fourteen thousand and ninety-four wool producers of South Dakota will be very grateful for your support for permanent extension of National Wool Act as outlined in the brochure sent you recently by National Wool Growers Association, with whom we are affiliated.

We would also appreciate your having this wire included in the hearing records.

CARL J. NADASDY,
General Manager, South Dakota Wool Growers Association.

Congressman E. Y. BERRY,
Washington, D.C.:

Western South Dakota Sheep Growers Association urges your support of permanent extension National Wool Act. Request wire be included in hearing record.

WILLIAM E. ANDERSON,
Secretary.

As you no doubt know, I have long been concerned about the seriousness of agricultural imports to our farm economy. This is especially true in the case of lamb, mutton and wool fabrics. Just yesterday on the House floor we discussed the critical situation in which our domestic textile industry finds itself as the result of growing imports from countries with low wages and lesser production costs.

For example, Japan has increased her shipments of woollen cloth to the United States very sharply. Since 1958, imports of wool manufacturers from Japan have gone up 68 percent. The increases have been greater from Italy with imports up 371 percent.

The National Association of Wool Manufacturers reports that wool cloth imports in 1946 were 3 million square yards, and in 1960 they were 60 million square yards. U.S. mills are the only customers for domestic wool. Thus, it is apparent that the phenomenal increase in imports of wool in manufactured form affects our domestic growers as well as the textile mills and apparel manufacturers.

The situation as far as lamb imports are concerned is equally serious. Dressed lamb imports rose from 1.4 million pounds in 1955 to an alltime high of 12.4 million pounds in 1960. Recently the Department of Agriculture initiated a lamb purchasing program in an effort to strengthen the price of lamb. In February they purchased 4.5 million pounds at a cost of \$1.75 million.

During the past 13 months, we have imported over 14 million pounds of lamb at a cost of over \$3.5 million. The way it is working, the Department is buying lamb at about the same rate it is being imported.

The importation of live lambs was a serious threat last year, and although halted at the present time, could again become a serious problem. The farm price of live lambs is presently only 65 percent of parity.

All these facts point out to me, and I hope to my colleagues on the committee, the importance of extending the National Wool Act.

I was encouraged to note earlier this week that the administration is recommending a 3-year extension of the act. I hope, therefore, this legislation can be acted upon by this Congress without delay.

Thank you for permitting me to testify before you today.

Mr. POAGE. Thank you.

I made the statement that Congressman Fisher represented more sheep than anybody in the House. If anybody in Congress represents more sheep, it is Senator Yarborough, of Texas. He represents the whole State. We are delighted to hear from you, Senator. We are pleased to have you come before us.

STATEMENT OF HON. RALPH YARBOROUGH, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator YARBOROUGH. Mr. Chairman and members of the committee, I am grateful for this opportunity to be here for a minute. I accept with gratitude that distinction of representing more wool production, more growers of sheep than any other Member of the Congress.

I might defer a little to my colleague in the Senate from Texas, were it not for the fact that I did have the privilege of living in El Paso, Tex., for 3½ years. I am the only person that has ever lived out in the sheep country of my State who has represented the State in the Senate. With that background, I do have an interest in this subject that goes back over a good many years.

I would not claim the detailed knowledge of it that Congressman Fisher has, who grew up in a ranching family who were pioneers in the western country; his forebears were among the very earliest settlers on the frontier when they were still having raids on practically every moonlit period of every month from the wild tribes to the north and west.

I want to say to the members of this committee that it is a privilege to come here to have this opportunity to testify on behalf of the legislation which would make this National Wool Act of 1954, with its 1958 extension, permanent legislation.

It was my privilege to be a coauthor of the Senate bill for the extension of the 1954 act at its initial expiration. There was then some talk about making it permanent because of the success with which this act had been administered. I am completely convinced this is needed legislation and in that belief I have introduced S. 1369 in the Senate to meet that need.

It is identical with the bill previously introduced by the distinguished chairman of this committee hearing this morning.

And, Mr. Chairman, though there is some difference of opinion on the Senate side about the length of time for which this should be extended, I would like to offer here a copy of my bill with the names of the cosponsors to show the widespread support for this bill identical in terms with your bill, H.R. 3680. I introduced it for myself, Senator Metcalf, Senator Kuchel, Senator Allott, Senator Case of South Dakota, Senator Mundt, Senator Chavez, Senator Capehart, Senator Engle, and Senator Carroll. So it has widespread support. As this committee will recognize, this list represents generally the Senators from the heaviest wool-growing States, though not all of them.

There are other bills, also, and there are some for 3-year extension and other periods of extension, but we believe the growing support is for the bill that the distinguished chairman introduced on the House side for permanent extension of this act.

As the members of this learned subcommittee well know, this National Wool Act, which uses tariff receipts on imported wool for incentive payments to American producers to boost the national wool production, has proved to be one of the most workable agricultural programs ever legislated by the Congress.

The ranchers in my own State of Texas, particularly, have needed this program the past several years to help rebuild their flocks after 7 severe drought years covering the early 1950's had forced heavy cutbacks in the sheep population. Of course, those from that Southwestern area where that drought spread like an egg shape up across Texas, Oklahoma, Colorado, New Mexico, over into Kansas, Nebraska, into the Dakotas, know how all herds of all livestock were cut down during the 7 drought years from 1950 to 1957. This act has helped those ranchers in rebuilding their herds because they were still decreasing up until the rains finally came in 1957.

Because Texas has been, for many years, the leading wool producing State and because the Nation's wool production has failed to meet the national needs, this special tariff financing incentive program was formed, both as an aid to agricultural economic growth and as a security measure, going back to the days of the outbreak of World War II when we were so short of wool, shipping it in from South Africa and Australia. Many of the ships bringing it were sunk as convoys tried to make their way to the shores of the United States to give us an adequate supply of wool for our needs for World War II.

Under this program, national wool production has increased almost annually. It reached a 14-year peak of 266 million pounds in 1960.

Texas wool production last year climbed to 51,980,000 pounds, which was 19.5 percent of the national crop.

The Texas sheep ranchers received a total of \$32,227,220 for their 1960 crop. That included \$22,351,000 at the marketplace and \$9,876,000 in incentive payments collected through the wool import tariffs under the National Wool Act.

This program has been highly successful. It has resulted not only in strengthening the ranching economy of Texas and of the Nation, but has also been a vital factor in permitting the ranchers to increase production.

At the last count, in 1960, Texas had a sheep population of 6,074,000 head, the greatest number in 8 years, with an estimated total value of \$87,727,000.

So it is obvious that the National Wool Act of 1954 with the extensions passed should be made permanent legislation.

Mr. Chairman, lest our colleagues in the Congress here, and on the committee, think that you and Congressman Fisher are a little bit boastful about the fact that we have the most wool production in Texas, we can say that not only the size and the favorable climate causes that but one farsighted American, one George W. Kendall, who came to Texas in the days of the Republic as a newspaper reporter to cover a Texas expedition. He was editor of the New Orleans Picayune, and he came to cover the Santa Fe expedition in 1841 which had as its objective the opening of the Santa Fe Trail between Santa Fe and Austin, to divert the traffic from the Missouri Trail to Texas and, perhaps, annex New Mexico, although they claimed they had no such hostile intention. It was a peaceful expedition.

They were captured and marched overland in chains through the "journey of death" into the desert to Mexico City.

George W. Kendall was with them. He came back and wrote an account of the Santa Fe expedition, published in a two-volume work in New York City in 1844. It went into seven or eight American editions—a bestseller. It was published in England about the same time and had several editions in England. Kendall, of course, returned to New Orleans, editor of the Times-Picayune, a young man. He went to Europe then with his success as an editor and married, in France, a beautiful and talented French lady who attended all of the functions of the court, one of the leaders of Parisian society.

They came back to New Orleans. The Mexican War broke out. He went with General Taylor's army on the Rio Grande and became the first modern war correspondent in history to travel with an army and send back dispatches of the battles day by day. He was the forerunner of all American and other war correspondents, in the modern sense, that traveled with troops.

After the Mexican War, due to health, he moved into western Texas, northwest of San Antonio to Kendall County, very near where Congressman Fisher's forebears settled, and began to raise sheep. He said, "This is a good country for wool," basing that on his experience of seeing the wool grown in France and in Europe and on his trip as a prisoner in chains from Santa Fe to Mexico City and then to imprisonment in the Perote Castle dungeon at Vera Cruz.

So he began to write articles in the Texas Almanac, published before the Civil War and after the Civil War, and imported sheep.

In that country, in Congressman Fisher's district and others, there grew the finest wool industry in America. It came through this genius and vision and drive of this one man who lived out there in Kendall County, under very primitive living conditions, with his wife who was a lady from the court of France. They built up the sheep-ranching industry.

Their articles were printed in the Texas Almanac, distributed over the Union. People came from other States who were interested in wool production, settled there, and found a favorable climate for that great industry.

To the members of the minority party, I want to say that this country is relatively bipartisan. Maybe it is not so bipartisan because Kendall County, where this industry was shaped, was one of the two counties in Texas that gave the Republican nominee a majority for the Presidency in 1936, the toughest year they had in Texas.

I appreciate, Mr. Chairman, the kindness of this committee shown me and the privilege of testifying to what I believe is a very fine act. This is not a tariff act in trying to cut out all foreign production. We don't produce half of the wool we use. This is an attempt to keep a basic American industry built up. If it takes some of that tariff to build it up, we have noted it is better than to reach into the taxpayers' pockets to support this act. I think it is one of the finest agricultural acts you have drafted, and you were here before I got to the Congress. I can't claim credit for it.

I want to congratulate you on your action.

Mr. POAGE. We appreciate your taking the time to come over here and appearing before us.

Senator YARBOROUGH. Thank you.

(S. 1369 follows:)

[S. 1369, 87th Cong., 1st sess.]

A BILL To extend the operation of the National Wool Act of 1954, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the second sentence of section 703 of the National Wool Act of 1954, as amended (68 Stat. 910; 72 Stat. 994; 7 U.S.C. 1782), is amended to read as follows: "Such price support shall be limited to wool and mohair marketed on or after April 1, 1955."

Mr. POAGE. Mr. Jennings.

Mr. JENNINGS. Let me call attention to two parts of this letter I wish to make a part of the record. First they ask that this incentive be increased from 62 to 82 cents a pound. They are very much in favor of the legislation and they point out its many benefits and for continuation.

I ask that it be made a part of the record.

Mr. POAGE. Without objection that will be made a part of the record.

(The letter follows:)

RICH VALLEY FARMER'S CLUB,
Chatham Hill, Va., April 14, 1961.

Congressman PAT JENNINGS,
New Office Building,
Washington, D.C.

SIR: Since you are a member of the congressional Agriculture Committee we are requesting that you introduce a bill, or offer an amendment to the present bill, to increase the subsidy on sheared sheep wool and live lamb wool from

the present Government guarantee of 62 cents per pound to 82 cents per pound. Our reasons for asking that this subsidy be increased are:

(1) This is the only Federal price-support program and the only subsidy being paid on any livestock products.

(2) The price of sheep, lambs, and wool has declined in the past year to a point that is fast getting below the cost of production. Sheep are selling \$5 to \$7 per head, lambs 4½ cents per pound and wool 5 cents per pound less than on this same date last year.

(3) This program has been handled through the ASC office which is already set up in every county to handle the soil conservation, tobacco, and other programs. So this could be handled through ASC at no extra personnel and no extra cost of administration.

(4) Under this program the sheepgrower has been paid most of the 100 cents in the dollar that he was intended to get.

(5) The program can be administered honestly, since there is no way that a dishonest grower can take advantage of it and collect for something not due him.

(6) This program in the past few years, which has a 62-percent support price, worked well and has partially succeeded to accomplishing what it was designed to do; namely, increase the sheep population in the United States which had decreased to the point that our wool supply is wholly inadequate to our needs in peacetime, and should a major conflict develop we would have to import one-half of our wool needs. The United States is now importing one-third of its wool. It has also increased the livestock farmers income that has declined in the past few years to an alarming extent.

(7) This program will help farmers over a larger area of the United States than any program that has been instituted since there are few sheep in every section of the United States and there is a need for expansion.

(8) This program will also help the cattle industry by decreasing cattle population. As every three ewes are added, one steer or cow is cut off the surplus. We think this one fact alone would justify the program as the Federal Government is trying, or at least is trying to make the farmer believe they are trying, to decrease surpluses and increase the production of the items in large demand.

Sincerely,

J. T. GARDNER, *Secretary,*
Rich Valley Farmer's Club.

Mr. HARDING. I would like to file a statement to be put into the record later.

Mr. POAGE. It will be made a part of the record, without objection. (The statement follows:)

STATEMENT OF RALPH R. HARDING, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF IDAHO

It is absolutely necessary that our committee not delay in acting on legislation to extend the Wool Act. This legislation affects an industry which must do considerable long-range planning.

Growers are now in the process of determining the size of their flocks for next year. The lambing season is over and they must decide how many ewe lambs to contract for this spring and how many yearling ewes to buy later this year. Right now the 5,000 sheepmen in Idaho are at a loss to know whether to expand or decrease their herds. They don't know what arrangements they should make to obtain financing. And I know this is also true of sheepmen in other parts of the country.

There is no reason to defer and have extensive debate on this legislation. We have had 6 years to observe the Wool Act in operation.

At the time the Wool Act was passed in 1954, wool production had declined 42 percent from 1944. In my own State of Idaho, which ranked fourth in total wool products, the output of shorn wool had decreased from a high of nearly 14 million pounds in 1944 to considerably less than 9 million pounds in 1954.

The poor state of the industry was apparent from the fact that wool was the only major crop which had gone downward in production from 1944 to 1954.

In spite of drought problems and a number of other reverses, the Wool Act has resulted in the national production of shorn wool increasing from 234 million pounds in 1954 to 265 million pounds in 1960—which is still short of the 300 million pounds deemed as the minimum essential for our defense needs by the Congress 7 years ago. Idaho's production is back up to 11 million pounds.

There are only four States which have participated to a greater extent in the National Wool Act payments than has Idaho which has received \$16,611,043 of the total \$263,715,217 paid to sheepmen during the last 5 years.

With such beneficial results from this act, it is not strange that the wool industry is almost unanimously supporting its extension. Typical of correspondence I have received from my State on this act is this wire from the Idaho Wool Growers, "We endorse permanent extension of the National Wool Act and ask that you place our position on record in behalf of thousands of owners of sheep in Idaho."

It has strong bipartisan support. Rarely can it be said of agricultural legislation as it can of the Wool Act that it was developed during the period one political party was in control and favored by the opposing party when it came into power as the answer to an industry's problems.

The National Wool Act has proved to be an effective and successful piece of legislation. Since revenues come only from the tariff on imported wool, its extension does not place an additional tax burden on our people. This legislation does not deal with a surplus product. It is one of the few agricultural products produced in this country which is deficient in production. It has had 6 years to demonstrate its worth. A deferment in acting on my bill and those introduced by 14 other Members of the House will only result in a severe hardship on the wool industry we are trying to help. Let's expedite this legislation.

Mr. BREEDING. I have a statement, and also a letter and a telegram that I would like to have made a part of the record.

Mr. POAGE. Without objection they will be.

(The statement, letter, and telegram follows:)

STATEMENT OF HON. J. FLOYD BREEDING, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF KANSAS, EXTENDING WOOL ACT

Mr. Chairman, I would like to state for the record my position in regard to the wool program and also to include in my statement two communications I have received concerning the legislation.

First, Mr. Chairman, I favor extending the wool program on a permanent basis. The program has been highly successful. It has succeeded in bringing order to a sector of our agricultural economy which, prior to the passage of this act, was in serious trouble.

In view of the fact that the program works and that it is supported not only by sheep producers but by the users of wool, I believe the best interests of everyone concerned would best be served by extending the wool program on a permanent basis.

If the committee concludes that a permanent extension is not possible, or desirable, at this time, then, Mr. Chairman, I would naturally be in favor of extending the program for 3 years or some other period of time which might be agreed upon.

I can state with assurance that those farmers in western Kansas who are raising an increasing number of sheep as a part of their farming activities are very much in favor of the wool program. I am sure a permanent extension of the program would be highly desirable from their point of view.

In closing, Mr. Chairman, let me state once more that I believe the best interests of the country, of the producers and consumers of wool would be served by extending the program now under consideration on a permanent basis. I hope the committee will give serious consideration to a permanent extension.

There follow the communications I have received from Mr. Doug Wildin, Wildin Sheep Co., Route 1, Hutchinson, Kans., and Mr. Andrew J. Swanson, president of the Midwest Wool Marketing Cooperative Association, Kansas City, Mo.

WILDIN SHEEP Co.,
Hutchinson, Kans., April 14, 1961.

Representative FLOYD BREEDING,
House Office Building, Washington, D.C.

DEAR MR. BREEDING: I introduced Senate bill 876 has been introduced to place tariff import quotas on sheep and lamb. It would certainly seem reasonable to me to support this bill in view of present lamb prices—we were told back in 1959 that the tremendous amount of lamb coming in then would likely cause

a bad break in the lamb market—don't know if this was the cause or not, but it certainly has dropped a long way in the last 2 or 3 years. Wonder if the Tariff Commission remembers their decision in March 1960? I still believe that the major part of our exports are purchased because they are wanted and not because we import. Would like support of National Wool Act and permanent extension thereof.

Sincerely,

DOUG WILDIN.

KANSAS CITY, MO., April 19, 1961.

HON. J. FLOYD BREEDING,
Agricultural Committee, House of Representatives,
Washington, D.C.

Strongly urge working for permanent extension of the National Wool Act. This will best serve industry, including Midwest's 10,000 members and U.S. interests.

ANDREW J. SWANSON,
President, Midwest Wool Marketing Co-op.

MR. SHORT. I probably should state here, that while my State is not the largest sheep-producing State, it is one that produces some of the highest quality wool in the Nation.

Seriously, the sheep industry is an important and growing industry in North Dakota, and I think it has been rather indicative that in all of the communications that Congressmen usually receive from constituents back home with regard to legislation which is pending or may be pending before Congress or one of the congressional committees, I have had not one single communication opposing the extension of the Wool Act, which I suppose can be construed as meaning universal acceptance and approval of the Wool Act.

I think I can state, Mr. Chairman, without any reservations, that the Wool Act is universally endorsed by the sheepgrowers and woolgrowers in my State of North Dakota and I think I ought to be on the record as endorsing the extension of the Wool Act.

MR. POAGE. Now, we have with us a representative from the Department of Agriculture who has a statement to present, Dr. James T. Ralph, Assistant Secretary.

We will be glad to hear from you now.

STATEMENT OF JAMES T. RALPH, ASSISTANT SECRETARY OF AGRICULTURE; ACCOMPANIED BY FRANK W. IMMASCHE, DEPUTY DIRECTOR, LIVESTOCK AND DAIRY DIVISION, VICTOR A. VAUGHN, BUDGET DIVISION, AND RUSSELL BURRUS, CHIEF, WOOL BRANCH, LIVESTOCK AND DAIRY DIVISION, COMMODITY STABILIZATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE

DR. RALPH. I would like to have appear with me, Mr. ImMasche and some of his colleagues of the Commodity Stabilization Service.

I am happy to appear before your committee on behalf of the Department of Agriculture to recommend extension of the National Wool Act of 1954, as amended, for 3 years as a part of the Agricultural Act of 1961 submitted to the Congress by the President April 17.

The incentive payment program on wool was developed as an alternative to increasing the tariff to provide needed financial assistance to our domestic woolgrowers.

The 1961 marketing year which began April 1 and ends March 31, 1962, will be the last year of the wool and mohair payment program

under the National Wool Act as amended in 1958. Consequently, new legislation will be required at this session of Congress for the Department to announce, this summer, an incentive price for shorn wool for the 1962 marketing year so that growers may plan their production accordingly as contemplated under the present act.

The early announcement is needed so that growers will be in a position to shape up their herds and arrange for financing of their 1962 production.

The National Wool Act is an example of an industry approach which this administration is emphasizing in its proposed agricultural legislation. It provides price assistance to growers without adversely affecting the competitive position of domestic wool with imported wools and other fibers and without having the Government in the wool merchandising business.

Under the National Wool Act:

(1) An annual production of 300 million pounds of shorn wool, compared with the approximately 265 million pounds we are now producing, is to be encouraged as a measure for our national security and in promotion of the general economic welfare.

(2) An incentive price is established to encourage this larger production.

(3) The incentive price is accomplished by means of payments to growers to supplement what they receive for their wool in the free market and thus bring their income from wool up to the incentive level.

(4) The total of the payment, up to any date, is limited to 70 percent of the total amount of the duties collected on imports of wool and wool manufacturers beginning January 1, 1953, to the same date.

(5) Section 708 of the act authorizes growers to organize and conduct advertising and sales promotion programs financed by deductions from the payments to improve the demand for the industry's products in the free market.

The incentive price for shorn wool has been set at 62 cents for each of the 7 marketing years since the program was established. Growers sell their wool in normal marketing channels. After the year is over, and the average price received for wool sold during the marketing year is known, payments are made to bring the national average price received by all growers up to the incentive level.

The payments are made at one percentage rate for all growers—the percentage required to bring the national average price for wool sold in the free market in that year up to the previously announced incentive level. This one rate is applied to the net sales proceeds received by each grower to determine the amount of his incentive payment.

By making the payments on a percentage basis, growers are encouraged to improve the quality and marketing of their wool to obtain the best price possible because the higher the price the individual grower gets in the free market, the greater his payment.

Support for pulled wool is required under the act to maintain normal marketing practices; that is, prevent unusual shearing prior to marketing just to get the payment on shorn wool. This is being handled by making payments on all sales of unshorn lambs irrespective of whether they are sold for replacement, feeding, or slaughter.

Then if the new owner sells the lambs without shearing them, his payment is adjusted downward by the amount due on the weight of the lambs purchased. Likewise, if he shears the lambs and sells the wool, his wool payment is adjusted downward by this same amount. In this way, duplicate payments on the same wool are avoided; the original producer and the later feeder or breeder-owner share in the payments.

The National Wool Act provides for the support of mohair by payments like those on shorn wool. Prices received for mohair have been above the support level since the inception of the program and payments have not been required. The support price for mohair was set at 70 cents for each marketing year until the 1961 marketing year when it was increased to 73 cents to comply with the parity relationship to wool specified in the act.

The parity price for mohair has increased more than the parity price for wool. The domestic production of mohair has been on the increase since 1952 and is at the highest level on record.

The Department has been giving increased attention to programs which will help the sheep industry improve its production and marketing efficiency and thereby lessen the need for price assistance. Research and other programs dealing with disease control, improvement of production and marketing practices, conservation measures to increase the carrying capacity of both public and private grazing lands, and greater efficiency in processing and adapting the industry's products to consumer preferences are all contributing to the achievement of our objective.

Woolgrowers presently are very discouraged because of low lamb prices. Many say they would not be in the sheep business today if it were not for the payments under the National Wool Act.

The National Wool Act has proved to be a practical and effective method of price assistance to woolgrowers. As stated at the outset, we are recommending its extension as a part of the Agricultural Act of 1961 proposed by the President.

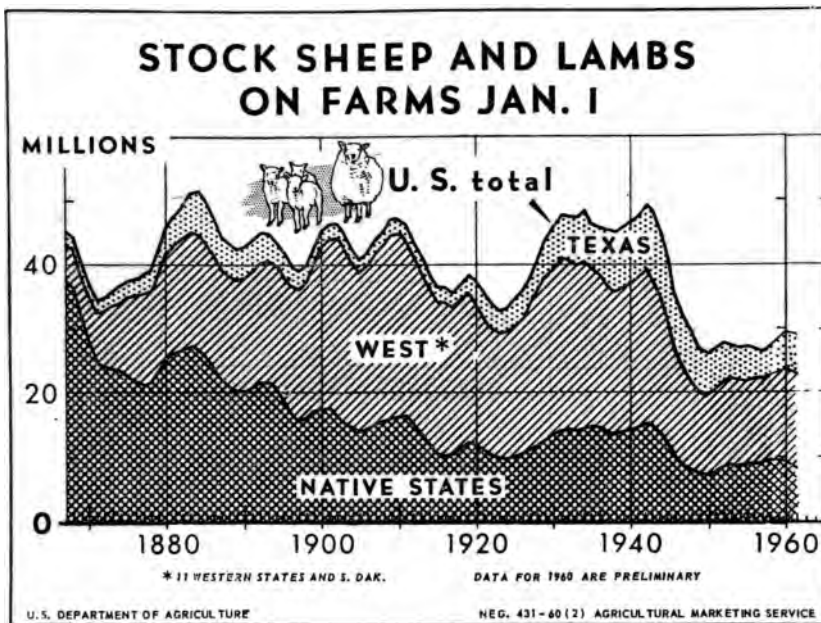
We have here a set of charts and tables on the wool situation and incentive-payment program which, with your permission, I should like to place in the record.

Mr. POAGE. Without objection, they will be inserted, and we are very much obliged to you.

(The tables and charts follow:)

NATIONAL WOOL ACT

TABLES AND CHARTS ON WOOL SITUATION AND OPERATION OF THE WOOL PAYMENT PROGRAM



1. Stock sheep and lambs on farms January 1.

2. Number of stock sheep in the United States; domestic production, imports and consumption of wool; wool prices, payments and duty collections available for payments under National Wool Act of 1954, as amended

Year	Stock sheep on farms, Jan. 1 (1,000 heads)	Million pounds, domestic greasy shorn basis					Wool price received by producers		Wool payments			70 percent of duties	
		Wool production			Imports for consumption ²		Mill consumption ²	In free market	Support level	Shorn wool	Unshorn lambs		Total amount
		Shorn	Pulled ¹	Total	Raw wool	Wool manufactures ²							
							Cents per pound	Cents per pound	Percent ⁴	Rate ⁴	Millions	Millions	
1942	49,346	388	107	495	1,089	39	40.1	41.7					
1943	48,196	379	104	483	903	-71	41.6	41.7					
1944	44,270	338	118	456	784	-143	42.3	42.4					
1945	39,069	308	113	421	950	-100	41.9	41.9					
1946	35,825	281	98	379	1,075	-98	42.3	42.3					
1947	31,805	251	91	342	869	-77	42.0	42.3					
1948	29,486	232	75	307	960	33	42.3	42.3					
1949	26,940	213	57	270	352	61	49.4	42.3				\$57	
1950	26,182	217	52	269	568	105	45.2	45.2				41	
1951	27,251	228	41	269	618	92	50.7	45.2				66	
1952	27,944	233	54	287	565	168	54.1	50.7				72	
1953	27,893	232	68	300	377	108	54.9	54.2				73	
1954	27,079	236	70	306	236	106	53.2	53.1				53	
1955	27,137	241	67	308	256	145	42.8	53.2	44.9	\$0.77	\$58	40	
1956	26,890	242	65	307	235	163	44.3	62.0	40.0	.71	52	52	
1957	26,348	239	54	293	178	152	53.7	62.0	15.5	.33	16	47	
1958	27,167	244	49	293	152	160	45.2	62.0	70.3	1.02	85	\$57	
1959	28,108	260	55	315	228	220	43.3	62.0	43.2	.75	\$55	\$68	
1960	26,849	267	54	321	166	220	43.3	62.0			\$63		
1961	28,677					542							

¹ Converted to domestic greasy shorn equivalent on basis of 1 pound pulled wool equal to 1.6 pounds greasy wool.

² Apparel wool converted to domestic greasy shorn equivalent on basis scoured yield equal to 44 percent of greasy shorn wool through 1959 and 45 percent thereafter.

³ Raw wool content of apparel wool manufactures imported less exports of such manufactures. During the years 1943 through 1947, the United States was on a net export basis of wool manufactures due to the heavy exports of fabrics for military purposes.

⁴ Shorn wool, percent of net proceeds received by each producer; unshorn lambs, cents per 100 pounds liveweight.

⁵ Marketing year beginning Apr. 1 for 1955 and later years; calendar year prior to 1955; the amount for the 3 months, January-March 1955, not included in the figures was \$11 million.

⁶ Estimated or partly estimated.

3. Number of goats clipped; production and consumption of mohair, and farm price of mohair in the United States

Year	Number of goats clipped	Domestic production ¹	Imports for consumption	Exports ²	Domestic consumption or disappearance	Farm price	
						Actual	Support level
	<i>1,000 hd.</i>		<i>Million pounds, grease basis</i>			<i>Cents per pound</i>	
1938.....	3,918	16.8	.1	(³)	(⁴)	34.8	⁵ 21.0
1939.....	4,068	18.8	.2	(³)	23.3	47.3	⁵ 21.0
1940.....	4,297	21.1	.3	(³)	(⁴)	49.7	(⁷)
1941.....	4,542	21.8	1.0	(³)	(⁴)	56.9	(⁷)
1942.....	4,322	20.7	.9	(³)	(⁴)	49.3	(⁷)
1943.....	4,276	20.2	1.0	.03	29.5	57.1	(⁷)
1944.....	4,109	20.4	8.4	.08	19.0	60.1	(⁷)
1945.....	4,291	22.0	.4	.16	16.1	55.3	(⁷)
1946.....	3,939	19.3	1.3	.11	23.4	61.1	(⁷)
1947.....	3,672	18.2	.6	.10	17.9	53.6	(⁷)
1948.....	3,164	16.0	.2	.08	11.5	45.4	(⁷)
1949.....	2,558	13.0	.1	.14	18.5	46.3	(⁷)
1950.....	2,530	13.2	2.2	.11	21.0	76.0	49.1
1951.....	2,472	12.9	2.9	.04	13.5	118.0	53.4
1952.....	2,287	12.2	1.9	.03	13.5	96.3	57.2
1953.....	2,337	12.8	.3	1.08	⁶ 12.2	87.7	60.7
1954.....	2,618	14.6	.1	3.09	⁶ 11.6	72.4	64.3
1955.....	2,984	16.9	0.0	7.38	⁶ 9.5	82.2	70.0
1956.....	3,151	18.2	0.0	14.43	⁶ 3.8	84.4	70.0
1957.....	3,231	19.1	0.0	12.18	⁶ 6.9	83.7	70.0
1958.....	3,417	20.8	0.0	16.11	⁶ 4.8	72.2	70.0
1959.....	3,755	24.2	0.0	22.64	⁶ 1.6	96.5	70.0
1960.....	⁶ 3,884	24.4	0.0	16.48	⁶ 7.9	-----	70.0

¹ Actual weight.

² Includes alpaca.

³ Included with wool.

⁴ N. A.—Not available.

⁵ Estimated on basis of loan rate of \$0.20 per pound for adult and \$0.30 per pound for kid mohair in Texas, with adult mohair comprising 87 percent of total.

⁶ Preliminary.

⁷ N. S.—No support programs.

⁸ Beginning July 1953, reported consumption included alpaca, common goat hair, etc., herefore, beginning with 1953, domestic mohair is derived from reported production, imports and exports.

4. Number of farms and ranches reporting sheep and shearing sheep in 1949, 1954, and 1959

States	Number of farms reporting sheep			Number of farms reporting shearing sheep		
	1950	1954	1959	1949	1954	1959
Maine.....	1,364	1,540	1,466	1,207	1,315	1,327
New Hampshire.....	463	663	489	376	505	424
Vermont.....	557	560	462	490	473	409
Massachusetts.....	681	1,008	718	512	758	671
Rhode Island.....	126	156	144	104	125	128
Connecticut.....	543	749	489	422	575	407
New York.....	4,126	4,324	4,009	3,548	3,810	3,624
New Jersey.....	681	1,091	847	422	777	771
Pennsylvania.....	7,643	9,015	8,191	6,557	7,903	7,878
North Atlantic.....	16,184	19,106	16,815	13,638	16,241	15,639
Ohio.....	30,787	31,154	27,295	29,601	30,009	27,637
Indiana.....	17,706	20,446	18,821	16,760	18,668	18,933
Illinois.....	20,594	25,321	24,843	18,967	23,459	24,799
Michigan.....	8,947	7,934	6,784	8,568	7,671	6,761
Wisconsin.....	9,575	10,311	8,199	8,826	9,678	7,919
East North Central.....	87,609	95,166	85,942	82,722	89,485	86,049
Minnesota.....	18,710	20,910	19,489	17,791	20,524	19,412
Iowa.....	22,657	28,863	31,548	22,827	28,588	32,432
Missouri.....	24,734	20,090	17,278	25,461	20,264	17,804
North Dakota.....	6,257	6,898	7,316	5,993	6,864	7,409
South Dakota.....	9,450	11,274	13,372	8,987	11,325	13,716
Nebraska.....	3,247	4,596	6,546	2,705	4,452	6,772
Kansas.....	7,644	7,376	7,445	7,197	7,227	7,536
West North Central.....	92,699	100,007	102,994	90,461	99,244	105,081
Delaware.....	86	131	121	64	94	104
Maryland.....	1,460	1,612	1,304	1,291	1,468	1,248
Virginia.....	8,771	9,417	8,549	8,406	8,853	8,546
West Virginia.....	10,094	9,738	8,369	9,796	9,458	8,393
North Carolina.....	2,217	2,795	2,541	1,821	2,129	2,260
South Carolina.....	277	(1)	350	125	(1)	235
Georgia.....	507	(1)	719	293	(1)	567
Florida.....	140	(1)	166	76	(1)	118
South Atlantic.....	23,552	23,693	22,119	21,872	22,002	21,471
Kentucky.....	13,583	11,706	9,494	13,659	11,408	9,725
Tennessee.....	7,418	7,600	6,535	7,265	7,233	6,504
Alabama.....	647	1,035	731	437	747	604
Mississippi.....	1,284	1,626	1,308	892	1,261	1,128
Arkansas.....	1,424	1,485	1,243	1,273	1,250	1,156
Louisiana.....	2,565	2,721	2,779	1,543	1,717	2,116
Oklahoma.....	2,902	3,726	4,048	2,590	3,339	3,937
Texas.....	21,536	23,288	22,206	18,638	21,309	21,470
South Central.....	51,359	53,187	48,344	46,297	48,264	46,640
Montana.....	3,381	4,195	4,501	3,001	4,085	4,492
Idaho.....	3,875	4,648	4,616	3,310	4,378	4,468
Wyoming.....	2,753	3,119	3,336	2,452	3,095	3,360
Colorado.....	4,454	4,706	4,739	3,662	4,526	4,572
New Mexico.....	3,133	2,980	2,717	2,530	2,458	2,563
Arizona.....	364	459	341	205	317	285
Utah.....	3,684	4,838	4,506	2,986	4,311	4,291
Nevada.....	580	647	559	460	540	495
Washington.....	2,139	3,146	3,313	1,602	2,540	3,044
Oregon.....	5,967	7,340	7,511	5,268	6,775	7,268
California.....	6,956	8,737	8,021	5,068	7,228	7,186
West.....	37,286	44,815	44,160	30,544	40,253	42,024
United States.....	308,690	335,974	320,374	285,534	315,489	316,904

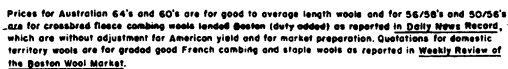
¹ Indicates that request for the information not requested in census questionnaire.

Source: Compiled from reports of the Bureau of the Census.

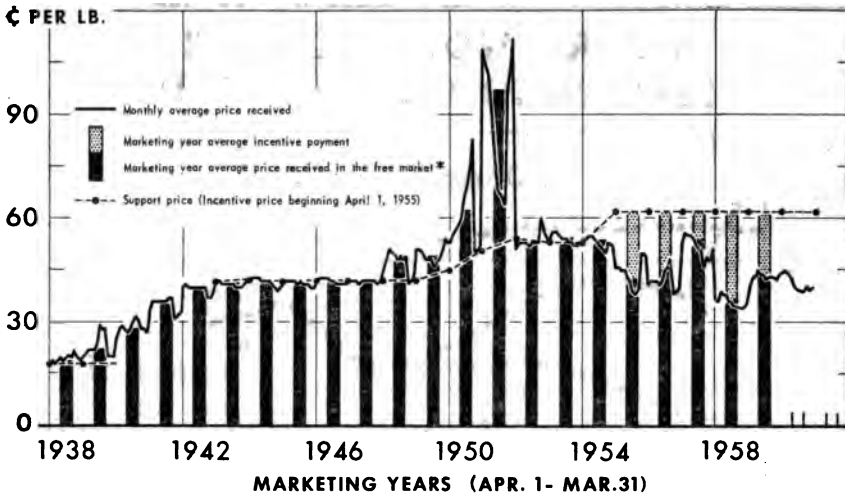
5. Production of shorn wool, by States

[Thousand pounds]

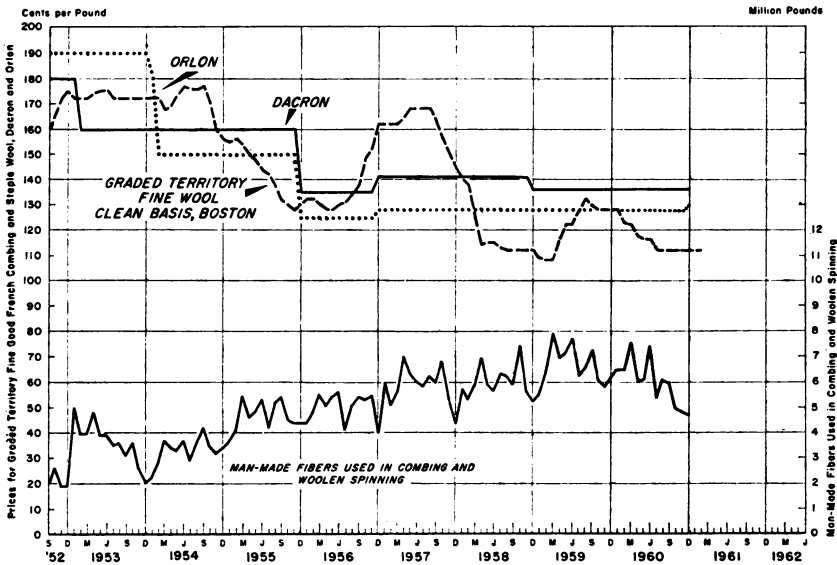
State	1942	1955	1956	1957	1958	1959	1960
Maine.....	243	194	207	220	227	224	218
New Hampshire.....	56	59	60	61	54	49	47
Vermont.....	124	75	88	79	79	79	80
Massachusetts.....	42	82	83	84	78	78	77
Rhode Island.....	12	12	12	13	14	14	14
Connecticut.....	24	53	54	54	48	43	40
New York.....	2,065	1,092	1,054	1,061	1,068	1,091	1,033
New Jersey.....	40	105	91	96	95	94	94
Pennsylvania.....	2,595	1,732	1,809	1,746	1,732	1,687	1,679
Total, North Atlantic.....	5,201	3,404	3,458	3,414	3,395	3,359	3,282
Ohio.....	16,575	8,996	9,519	9,272	9,346	9,024	8,755
Indiana.....	5,490	3,462	3,400	3,516	3,296	3,457	3,408
Illinois.....	6,644	4,546	4,260	4,647	4,652	4,573	4,787
Michigan.....	6,448	2,864	2,816	2,857	2,828	3,140	3,068
Wisconsin.....	3,102	1,738	1,667	1,727	1,674	1,756	1,718
Total, East North Central.....	38,259	21,606	21,662	22,019	21,796	21,950	21,736
Minnesota.....	9,298	5,954	5,847	5,669	5,810	6,479	6,575
Iowa.....	12,172	8,292	8,959	9,636	10,640	11,271	10,776
Missouri.....	11,052	5,152	6,216	6,447	6,323	5,807	5,406
North Dakota.....	8,976	4,508	5,384	5,282	5,487	6,072	5,645
South Dakota.....	16,423	9,718	10,560	11,761	12,920	14,497	14,841
Nebraska.....	4,086	3,016	3,215	4,217	4,404	4,712	4,970
Kansas.....	5,921	3,571	3,901	4,286	4,546	4,678	4,841
Total, West North Central.....	67,928	40,211	44,082	47,298	50,130	53,516	53,054
Delaware.....	13	26	26	26	33	32	32
Maryland.....	351	256	277	281	272	235	214
Virginia.....	1,724	1,699	1,781	1,723	1,740	1,710	1,670
West Virginia.....	2,178	1,472	1,544	1,534	1,463	1,430	1,403
North Carolina.....	230	279	270	281	298	299	279
South Carolina.....	25	38	61	79	84	75	64
Georgia.....	70	112	208	253	247	214	166
Florida.....	69	14	20	32	32	35	33
Total, South Atlantic.....	4,660	3,896	4,187	4,209	4,169	4,030	3,861
Kentucky.....	6,256	3,822	4,033	4,154	4,130	3,878	3,735
Tennessee.....	1,870	1,499	1,516	1,674	1,636	1,485	1,238
Alabama.....	131	412	422	334	228	201	186
Mississippi.....	204	412	427	429	424	354	329
Arkansas.....	460	320	365	395	352	310	275
Louisiana.....	816	436	427	409	400	374	363
Oklahoma.....	2,739	1,403	1,746	1,644	1,691	1,822	1,887
Texas.....	74,994	47,285	45,428	41,830	40,483	48,231	51,980
Total, South Central.....	87,470	55,589	54,364	50,869	49,344	56,655	59,993
Montana.....	32,964	15,553	14,651	14,850	15,664	16,621	17,041
Idaho.....	16,863	10,394	10,148	9,700	10,103	10,727	11,304
Wyoming.....	33,320	19,320	20,120	19,354	20,715	21,386	22,839
Colorado.....	14,896	11,869	11,622	11,494	12,164	13,589	14,808
New Mexico.....	16,399	11,304	10,459	10,052	9,994	10,621	10,368
Arizona.....	4,362	3,006	3,024	3,055	3,021	3,067	3,204
Utah.....	18,081	12,610	12,741	11,863	11,747	12,045	11,950
Nevada.....	5,521	4,080	3,628	3,124	3,171	3,024	2,786
Washington.....	5,496	2,802	2,607	2,465	2,594	2,793	2,992
Oregon.....	12,922	6,723	6,845	6,932	7,145	7,542	7,542
California.....	23,954	18,927	18,579	18,403	18,561	19,014	19,803
Total, West.....	184,779	116,578	114,424	111,292	114,879	120,429	124,637
Total, United States.....	388,297	241,284	242,177	239,101	243,713	259,939	266,563



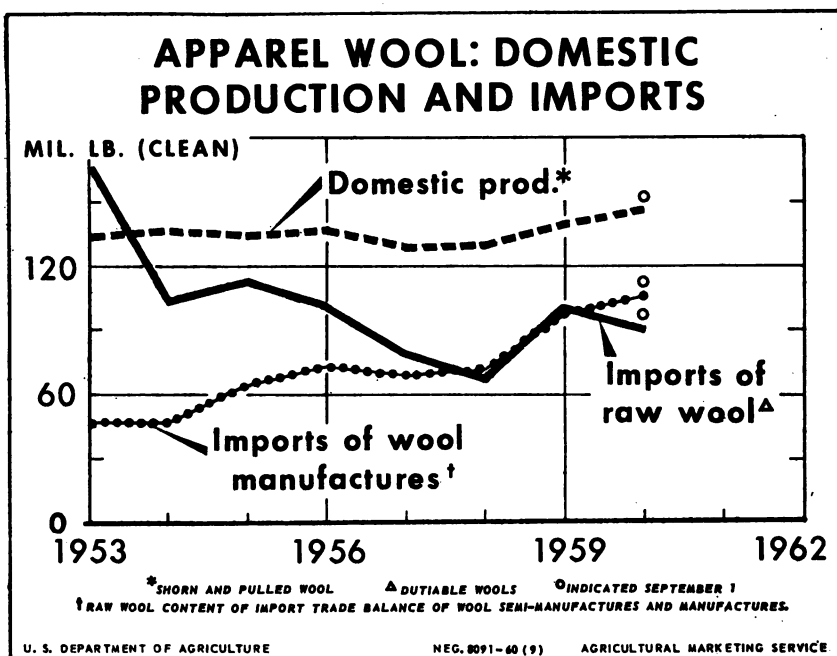
6. Prices for wool at Boston and Sydney, Australia.



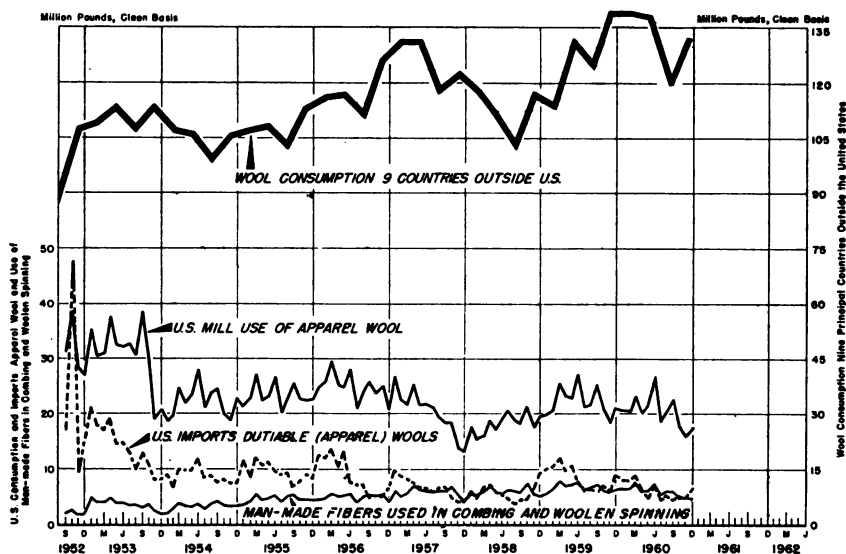
7. Average price received in the open market by growers and incentive payments for shorn wool.



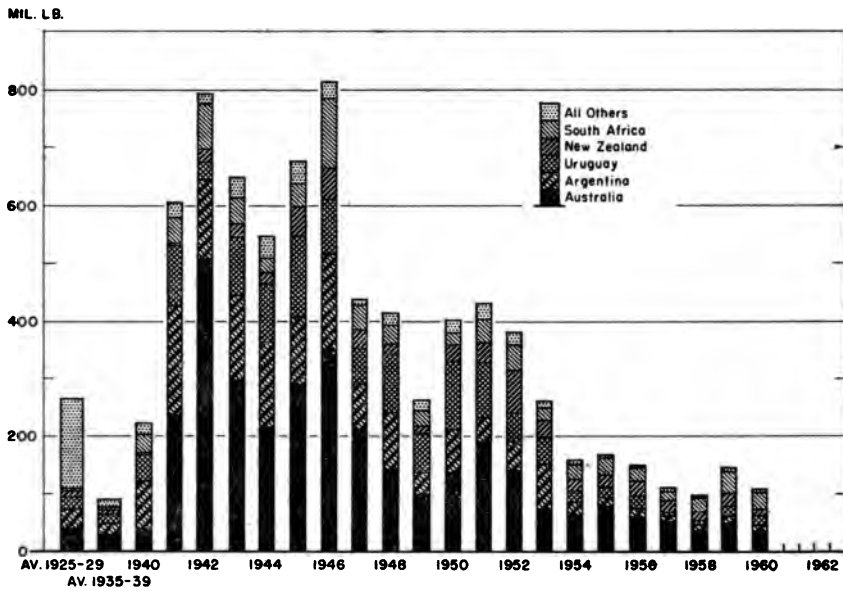
8. Prices for manmade fibers and wool, manmade fibers used in combing and woollen spinning, September 1952 to date.



9. Apparel wool: Domestic production and imports.



10. U.S. mill consumption and imports of apparel wool and all wool consumption in nine principal countries outside the United States by months, September 1952 to date.



11. U.S. duty-paid imports of wood by specific countries of origin.

12. Duties collected on wool and wool manufactures, imported into the United States

Period	Calendar year		70 percent of duties	
	Total duties	70 percent of duties	By marketing years ¹	Cumulative from Jan. 1, 1953
1948.....	\$81,409,000	\$56,986,000	-----	-----
1949.....	58,040,000	40,628,000	-----	-----
1950.....	94,294,000	66,006,000	-----	-----
1951.....	103,170,000	72,219,000	-----	-----
1952.....	103,622,000	72,535,000	-----	-----
1953.....	75,769,000	53,038,000	\$53,038,000	\$53,038,000
1954.....	56,636,000	39,645,000	39,645,000	92,683,000
1955:				
January-March.....	15,658,000	10,961,000	10,961,000	103,644,000
April-June.....	18,453,000	12,917,000	-----	-----
July-December.....	35,819,000	25,073,000	-----	-----
Total for year.....	69,930,000	48,951,000	51,500,000	155,144,000
1956:				
January-June.....	39,812,000	27,869,000	-----	-----
July-December.....	34,882,000	24,417,000	-----	-----
Total for year.....	74,694,000	52,286,000	51,627,000	206,771,000
1957:				
January-June.....	36,580,000	25,606,000	-----	-----
July-December.....	30,654,000	21,458,000	-----	-----
Total for year.....	67,234,000	47,064,000	47,132,000	253,903,000
1958:				
January-June.....	36,364,000	25,455,000	-----	-----
July-December.....	35,136,000	24,595,000	-----	-----
Total for year.....	71,500,000	50,050,000	56,770,000	310,673,000
1959:				
January-June.....	56,107,000	39,275,000	-----	-----
July-December.....	39,879,000	27,915,000	-----	-----
Total for year.....	95,986,000	67,190,000	68,073,000	378,746,000
1960: January-June.....	58,629,000	41,040,000	-----	-----

¹ Marketing year Apr. 1 through Mar. 31. Totals beginning with the 1958 marketing year are derived by allocating one-half of the reported January-June total to each of the marketing years involved.

Source: Compiled from data on duty collections by months through June 1958, furnished by the Bureau of Customs, Treasury Department. Reports of duty collections after June 1958 are for 6-month periods; i.e., January-June and July-December.

13. Projections of payments and amounts remaining available for payments under the National Wool Act of 1954, as amended, with the incentive price for shorn wool, at 62 cents, through the 1962 marketing year

	Price of wool		Total pay- ments	70 percent of duty collec- tions ¹	Differences	Estimated amount re- maining for payments
	Incentive	Producer				
Jan. 1, 1953, through Mar. 31, 1955				103,644,000		\$103,644,000
Marketing year:						
1955	\$0.62	\$0.428	\$57,614,000	51,500,000	-\$6,114,000	97,530,000
1956	.62	.443	51,915,000	51,626,000	-289,000	97,241,000
1957	.62	.537	16,104,000	47,133,000	+31,029,000	128,270,000
1958	.62	.364	85,143,000	56,769,000	-28,374,000	99,896,000
1959	.62	.433	² 55,000,000	68,072,000	+13,072,000	112,968,000
1960 (estimate)	.62	² .425	⁴ 59,865,000	63,000,000	+3,135,000	116,103,000
1961 (projection)	.62	² .410	⁴ 64,058,000	² 58,000,000	-6,058,000	110,045,000
1962 (projection) ⁶	.62	² .410	⁴ 64,058,000	² 58,000,000	-6,058,000	103,987,000

¹ 70 percent of all duties collected on imports of wool and wool manufactures as provided under the National Wool Act of 1954 as amended. Beginning with the 1958 marketing year totals are derived by allocating one-half of the reported January-June total to each of the marketing years involved.

² Based on the average price for wool sold April 1960 through January 1961, as reported by the Agricultural Marketing Service, with allowance for February and March. Assumes that the average price for the 1961 and 1962 marketing years will be around 41 cents per pound.

³ Based upon payments for the 1959 marketing year reported through Aug. 31, 1960, and estimated for the balance of the marketing year.

⁴ Assumes production and sales of 267,000,000 pounds of shorn wool in 1960; 265,000,000 in 1961 and 1962; 10,000,000 hundredweight of unshorn lambs in 1960, and 10,010,000 hundredweight in the 1961 and 1962 marketing years.

⁵ Based on the general assumption that duties collected on wool and wool manufactures will be somewhat less than in 1960.

⁶ Assumes the wool-payment program is continued as for the 1961 marketing year.

NOTE.—Assumes no payments will be required on mohair.

14. How wool payments are figured

Incentive payment on shorn wool

After the marketing year is over and the average price received for shorn wool by all producers is known, the rate of the incentive payment for the marketing year is announced. The rate of payment will be the percentage required to bring the national average price received by all producers up to the announced incentive price. Use of the percentage rate recognizes quality production and encourages producers to improve the quality and marketing of their wool to get the best price possible in the open market. Following is an example of how the rate is calculated:

Incentive price as announced	\$0.62
Assuming average price received by growers for the year is	.40
Difference	.22

Percentage necessary to bring 40-cent average up to the 62-cent level, 55.

The announced percentage will be applied to the net proceeds received by each producer for the wool he marketed during the marketing year as shown by the sales documents, like the bill or account of sale, to determine the amount of his incentive payment. The following example illustrates how the county office will use the announced percentage rate to determine the amount of payment to a producer.

Net proceeds from sale of 2,000 pounds of shorn wool at 40 cents.....	\$800
Shorn wool payment rate.....percent..	55

Payment.....	\$440
--------------	-------

Unshorn lambs (pulled wool) payments

When the rate of incentive payments for shorn wool is announced, the rate of payments for unshorn lambs sold during the marketing year will also be announced. The rate of payment will be a fixed number of cents per hundredweight of animals sold to reflect, on the average, the approximate number of pounds of wool on the animals at the time of marketing. The quantity of wool on unshorn lambs sold for slaughter during the year averages around 5 pounds per hundredweight of live animal. Wool on lambs sold for slaughter is coarser and of shorter staple on the average than the U.S. shorn wool clip; hence, a lesser payment per pound to compensate for pulled wool is appropriate. Allowing for these factors, the following is an example of how the rate will be calculated:

Incentive price for shorn wool as announced.....cents..	62
Assuming average price received by producers for the year is.....do....	40
Difference.....do.....	22
80 percent of difference to adjust for difference in grade and staple.....do....	17.6
Wool (greasy shorn basis) per hundredweight of lambs.....pounds..	5
Rate of payment per hundredweight of unshorn lambs.....cents..	88

The rate of payment for unshorn lambs as announced at the end of the marketing year will be used by the county office to compute the amount of payment to each producer who qualifies for a payment. The number of pounds of unshorn lambs, as shown on the sales documents submitted by the applicant for a payment, will be multiplied by the rate per hundredweight. Following is an example of how the amount of payment would be calculated in the case of the sale of unshorn lambs by original producer:

Net weight of 300 unshorn lambs sold.....pounds..	30,000
Lamb payment rate per hundredweight.....	\$0.88
Payment.....	\$264

A downward adjustment is made in the payments to a producer if the sale of shorn wool or unshorn lambs, as the case may be, includes lambs or wool from lambs purchased unshorn. This adjustment in the payment to a later owner is designed to eliminate duplication in the total amounts paid. If the applicant shears the lambs or resells them unshorn, the downward adjustment in his payment is, in effect, the amount due the previous owner. Thus, the original producers and later feeder or breeder-owners share in the total lamb payment according to the weight gained by the lambs while in their possession. Following is an example of how the payment would be adjusted in the case of a feeder who sells purchased lambs:

Weight of 300 unshorn lambs sold.....pounds... 30, 000
 Less weight of 300 unshorn lambs purchased.....do..... 21, 000

Net weight produced.....do..... 9, 000
 Lamb payment rate per hundredweight..... \$0. 88

Payment..... \$79. 20

In the above example, the original producer selling the 300 lambs to the feeder would be entitled to the payment on the 21,000 pounds at 88 cents per hundredweight, or \$184.80.

If the later owner shears the lambs and sells the shorn wool, his payment will be calculated by figuring the amount of payment on the shorn wool and adjusting downward by the payment on the unshorn lambs purchased (\$184.80 in this case) which the original producer is to receive.

15. Number and amount of payments under the National Wool Act of 1954, as amended

Marketing year	Shorn wool		Unshorn lambs		Total	
	Number	Amount	Number	Amount	Number	Amount
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
1955.....		\$50, 013		\$7, 601	(1) 444	\$57, 614
1956.....	287	44, 041	157	7, 874		51, 915
1957.....		12, 634		3, 470	(1) 450	16, 104
1958.....	293	73, 741	157	11, 402		85, 143
1959.....	275	44, 724	163	8, 216	438	52, 940
Average....	285	45, 031	159	7, 712	444	52, 743

¹ Number of payments not available for 1955 and 1957 marketing years.

10. National Wool Act of 1954: Amount of wool payments for the 1955, 1956, 1957, 1958, and 1959 marketing years

State	1955 marketing year 1		1956 marketing year 2		1957 marketing year 3		1958 marketing year		1959 marketing year 4		Total payments for 5 years 5
	Shorn wool	Unshorn lambs	Shorn wool	Unshorn lambs	Shorn wool	Unshorn lambs	Shorn wool	Unshorn lambs	Shorn wool	Unshorn lambs	
Maine	\$27,828	\$2,707	\$27,126	\$1,022	\$13,878	\$1,022	\$40,007	\$5,451	\$41,940	\$4,486	\$108,005
New Hampshire	7,010	7,180	7,180	1,141	3,047	1,141	7,340	1,131	7,115	3,285	34,377
Vermont	10,810	1,153	10,620	500	4,550	500	13,054	1,012	11,443	3,076	58,408
Massachusetts	15,420	338	15,420	281	6,151	281	18,023	1,258	16,572	1,140	71,198
Rhode Island	2,020	100	2,020	95	1,091	95	2,604	1,258	2,270	427	11,872
Connecticut	7,007	30	5,746	41	2,883	41	7,645	1,779	5,804	723	30,266
New York	247,018	48,220	201,419	15,038	69,450	15,038	295,023	50,514	187,907	38,858	1,191,024
New Jersey	11,248	2,220	11,715	86	6,442	86	15,792	37,128	11,970	3,569	60,915
Pennsylvania	220,240	19,488	280,505	11,110	139,790	11,110	415,597	209,214	290,318	32,719	1,884,071
Ohio	2,290,347	240,007	2,022,290	87,907	502,143	87,907	2,074,087	1,73,909	1,503,882	148,122	9,932,283
Indiana	168,970	168,970	168,970	45,482	186,853	45,482	865,248	218,090	532,332	109,807	3,605,380
Illinois	905,721	253,986	728,127	64,570	267,555	64,570	978,244	136,034	701,083	100,719	4,440,943
Michigan	719,140	109,947	598,430	45,820	135,546	45,820	904,240	89,321	605,542	95,926	3,401,700
Wisconsin	338,460	79,212	311,014	26,908	47,362	26,908	574,473	309,182	332,822	65,005	1,927,469
Minnesota	1,141,043	271,842	1,020,777	80,913	212,065	80,913	1,831,437	481,501	1,114,470	280,040	6,406,452
Iowa	1,141,043	271,842	1,020,777	136,955	458,062	136,955	2,454,784	281,051	1,738,430	307,031	10,293,432
Missouri	1,074,190	605,369	905,597	102,056	453,000	102,056	1,237,132	285,146	1,042,079	220,985	5,807,655
North Dakota	1,074,190	605,369	905,597	87,279	277,714	87,279	1,550,111	710,327	2,797,225	444,826	14,410,047
South Dakota	975,935	428,057	806,826	205,774	520,967	205,774	4,032,312	228,868	2,797,225	182,433	4,023,878
Nebraska	2,024,265	426,500	1,618,092	50,374	133,648	50,374	940,878	245,060	693,202	101,490	3,599,300
Kansas	690,872	196,987	541,018	67,302	188,812	67,302	853,982	1,079	563,202	770	2,500,620
Delaware	3,773	291	3,481	284	1,021	284	4,905	3,351	3,351	8,555	226,601
Maryland	42,800	6,606	37,742	3,924	13,120	3,924	61,283	12,222	33,067	8,555	226,601
Virginia	229,205	110,902	322,426	51,852	116,490	51,852	558,897	171,082	325,359	108,427	2,218,920
West Virginia	86,177	86,177	807,426	39,674	127,078	39,674	411,427	126,025	290,745	95,237	1,905,812
North Carolina	43,129	40,102	40,102	3,861	21,334	3,861	79,300	14,232	49,032	10,458	271,853
South Carolina	10,292	6,473	10,292	496	6,099	496	19,521	1,578	10,495	735	50,887
Georgia	8,605	1,204	8,605	3,877	21,767	3,877	61,409	9,814	31,190	6,617	193,017
Florida	21,760	3,642	3,642	42	1,480	42	1,990	1,990	3,154	1,127	13,640

Kentucky.....	808,372	215,851	722,758	244,187	376,051	118,595	1,026,771	333,739	539,013	197,996	4,582,415
Tennessee.....	296,544	90,035	248,875	87,479	140,270	43,522	413,988	122,973	272,718	86,573	1,802,977
Alabama.....	52,821	6,667	51,396	8,799	22,022	4,881	53,041	9,765	35,074	6,361	250,827
Mississippi.....	71,326	7,053	72,961	9,082	38,532	3,779	88,897	12,262	61,403	7,522	372,817
Arkansas.....	59,717	11,037	60,339	13,555	30,863	5,635	71,418	13,689	44,457	7,490	318,400
Louisiana.....	84,233	1,499	62,220	6,382	36,438	1,223	83,261	3,623	60,080	3,128	342,087
Oklahoma.....	265,414	70,890	205,000	54,960	99,251	26,559	315,160	87,053	246,636	56,253	1,427,216
Texas.....	9,610,430	204,748	8,217,085	627,735	1,937,244	258,733	14,426,283	1,205,619	8,805,594	811,509	46,125,631
Montana.....	3,008,109	198,139	2,640,472	511,091	993,032	255,731	4,413,731	701,696	2,935,554	505,580	16,103,135
Idaho.....	2,596,898	674,248	2,174,802	675,732	566,490	313,693	3,808,363	946,993	2,199,096	684,953	14,611,043
Wyoming.....	3,390,566	205,073	2,861,945	572,432	1,046,708	252,265	6,436,478	847,271	3,910,282	614,052	20,937,072
Colorado.....	2,637,794	738,368	2,263,036	633,440	576,066	261,836	4,283,535	888,382	2,583,558	733,336	15,639,351
New Mexico.....	2,004,695	38,266	1,928,300	226,049	275,867	115,217	3,191,482	245,730	1,583,662	197,202	9,806,470
Arizona.....	642,954	91,633	466,306	86,937	111,319	36,844	892,235	123,317	437,842	67,059	2,956,446
Utah.....	2,230,426	363,770	2,098,768	425,599	654,847	193,078	3,253,479	639,085	1,844,115	447,656	12,176,823
Nevada.....	639,362	60,253	493,652	143,249	193,687	44,955	3,774,846	138,712	511,028	76,973	3,096,727
Washington.....	* 603,971	124,230	* 445,336	103,369	* 116,862	44,768	666,164	131,106	492,516	81,899	2,810,221
Oregon.....	1,477,353	169,435	1,231,300	241,534	490,711	109,102	1,936,480	315,126	1,334,104	233,654	7,547,849
California.....	4,588,473	726,085	3,636,527	460,519	877,022	221,523	6,035,001	771,549	3,037,852	443,080	20,892,631
Alaska.....							12,821		6,447		19,268
Hawaii.....							16,050		5,164		21,214
Total.....	50,013,051	7,601,159	44,041,324	7,873,456	12,633,712	3,470,164	73,740,536	11,402,188	44,724,283	8,215,344	203,715,217

* Includes all payments made during the fiscal year beginning July 1, 1956, and ending June 30, 1957.
 † Since these figures include all payments made from July 1, 1957 through June 30, 1958, payments on a few late filed applications for the 1955 marketing year are included but represent only a very small percentage of the total.
 ‡ Reflects minor adjustments made in promotion fund deductions for 1955 and 1956 marketing years since Aug. 31, 1958.
 § Payments for the period from July 1, 1960 through Aug. 31, 1960.
 ¶ Payments are the gross amount before promotion fund deductions.
 * Includes Alaska and Hawaii.

Mr. POAGE. I wonder if you or some of your associates would give us a little information, which I am sure is in the charts, but when we started this wool program it is my recollection that we were supporting wool at 106 percent of parity. At that time 106 percent figured 62 cents a pound. Is that right?

Mr. IMMASCHE. That is correct—the incentive price of 62 cents was 106 percent of parity at the time it was announced in 1954 for the first marketing years.

Mr. POAGE. At 106?

Mr. IMMASCHE. Yes.

Mr. POAGE. That 62 cents is now only about 92 percent of parity?

Mr. IMMASCHE. Less than that; 62 cents is now around 83 percent of parity.

Mr. POAGE. It went down to 83?

Mr. IMMASCHE. Something like that.

Mr. POAGE. So that what we have done has been to maintain the price of wool in dollars and cents but we have not maintained it in terms of parity; is that right?

Mr. IMMASCHE. Yes, sir. The parity price has gone up during the last several years, and the 62 cents then has become a progressively lower percentage of parity.

Mr. POAGE. And you say it is now about 83?

Mr. IMMASCHE. About 83, I think.

Mr. POAGE. Since parity on mohair has gone up a little faster than on wool, that is the reason for raising the support price on mohair to 73 cents, is that right?

Mr. IMMASCHE. That is correct. When we started out, we supported mohair at 70 cents, wool at 62 cents. The 70 cents was—

Mr. POAGE. 90 percent of parity?

Mr. IMMASCHE. I think so—91 percent of parity when first announced in 1954. The law requires that we support mohair within 15 percent of the percentage of parity that we do wool. Since 1954 the parity price of mohair has increased more than the parity price of wool. To comply with the 15 percent provision, we had to raise the support price of mohair this last year.

Mr. POAGE. That has been merely a bookkeeping situation because you actually paid no support on the mohair.

Mr. IMMASCHE. That is right. The mohair price is presently around 95 or 96 cents or well above the support price of 73 cents.

Mr. POAGE. How close are you to the danger point on the funds that are available for payments?

Mr. IMMASCHE. Sir, that is listed in table 13. The table is not numbered but it is toward the end. That indicates that during the 7 years of the program, assuming wool prices stay about where they are now, the payments will be within the 70 percent of the tariff duties collected during that same period. In other words we have a reserve of duty collections from 1953 and 1954 which totaled \$103 million. The best projection we can make now is that this reserve will still be available after 7 years of the program for years like 1958, when wool prices were low and the required payments greatly exceeded the duty collections available for payment for that year.

Mr. POAGE. You have not been able to rebuild that \$150 million, have you? You do not have it, do you?

Dr. RALPH. I think the statement was, Mr. Chairman, that we had a reserve of \$103 million and according to our projections we will have \$103 million after 7 years of the program.

Mr. POAGE. You will have \$103 million?

Dr. RALPH. Yes; we have been able to maintain the level of reserve.

Mr. POAGE. You have been able to maintain that reserve?

Dr. RALPH. Yes.

Mr. POAGE. And you think that normally the tariff duties will be adequate to take care of the payments?

Dr. RALPH. Yes; we do.

Mr. IMMASCHE. On this present level of support; yes. If we were to go up to 82 cents or something like was mentioned, they would not be.

Mr. POAGE. That raises an interesting question. How much further if the parity prices tend to go up and up, how much further do you envision we can go on the 62 cents payments without making a change in the dollars and cents payments?

Mr. IMMASCHE. I do not know whether I get the question.

Mr. POAGE. We have seen that the support was dropping in terms of parity. While the price remained steady in terms of dollars, it has dropped in terms of parity. Obviously, you reach a point where the public will insist upon something higher in terms of parity.

Mr. IMMASCHE. As a partial answer to your question there, I think we are getting to the point where the parity price for wool will tend to level out. In other words, after the 62 cents has been in the formula for 10 years. We will not have the increases in the parity price that we experienced the first years.

Mr. POAGE. You now have 83-percent parity, approximately, now. And you have corn now under the new program where it will run about 74 percent of parity. And we have milk at 85.

Dr. RALPH. Eighty-three.

Mr. POAGE. What I am saying is that we will, probably, work towards a closer coordination of the support figures on all of those commodities, trying to bring them a little closer together—and I would envision in the course of several years that we probably will be called on to raise the dollars and cents supports on wool.

Certainly, if the buying power of the dollar keeps dropping, we will certainly be called upon to raise the dollars and cents, will we not?

Dr. RALPH. Yes, sir; it would seem so. The reserve fund, though, will certainly go down if we are required to raise the dollars and cents level.

Mr. IMMASCHE. That is, unless the market price improves so that not as much would be required for payments or imports, pick up so that more will be available for making the payments.

Mr. POAGE. The Secretary has the authority to raise that support up to 106 of parity.

Mr. IMMASCHE. The act permits him to go up to 110 percent of parity.

Mr. POAGE. So that you do not see that there is any necessity at this time of attempting to change any of the provisions of the law in regard to that?

Dr. RALPH. No, sir.

Mr. POAGE. Any questions?

Mr. SHORT. Mr. Ralph, I notice that you state in your statement that a 3-year extension is recommended. I am wondering if you have any reason why you would prefer the 3-year extension rather than a permanent extension?

Dr. RALPH. This period of 3 years was worked out in consultation with various agencies of the Government other than the Department of Agriculture. It was felt that 3 years would give the sheep industry, as well as the Congress, another period later on at which time to review this legislation.

Mr. SHORT. If I understand properly, there seems to be a little adverse reaction at the possibility of the act not being extended which is tending, I am informed, to cause some difficulty in sheep ranchers' obtaining financing for the current year and the next year.

It would just sort of seem that some of this uncertainty could be removed if the act were permanently extended.

Dr. RALPH. Yes; I am sure that more of the uncertainty would be removed if the act were permanently extended. It was felt by the Department that 3 years would be sufficient to allow the industry to obtain its credit needs for operations at present.

Mr. SHORT. This is just taking a positive approach, rather than leaving it up to Congress to initiate some revision in the act if it happens to become necessary?

Dr. RALPH. That is correct, sir; that is the reason.

Mr. SHORT. Do you think that the Department would have any violent objections to a permanent extension?

Dr. RALPH. I am sure they would not have any violent objections. We do recommend 3 years, however.

Mr. SHORT. Consistent with this concern about whether or not the act is going to be extended, I was a little concerned yesterday when I found the Wool Act was included in the omnibus farm bill. I do not think anyone knows how soon the farm bill might be passed.

I am wondering if this bill should not be, in the best interests of the sheep producers, acted upon separately? If I am properly informed, there is a little concern going on right now that the sheep industry would like to have this bill extended as quickly as possible. If my assumptions are correct, it will be at least a couple of months before anything can be done, before the omnibus bill will be approved or disapproved, which might precipitate an unnecessary delay in the extension of the act. Providing the knowledge that the act is the law of the land so the sheep people can go ahead with the assurance that the act is in effect, it seems to me, would be beneficial.

Dr. RALPH. We consider the Wool Act as similar to the commodity-by-commodity, or industry-by-industry approach recommended by the President in the proposed Agricultural Act of 1961. And obviously we are hoping that the omnibus bill will receive attention in time to take care of the sheep industry with the inclusion of the provision extending the Wool Act.

It is true that if there were too long a delay, it would have some more adverse effect on the sheep industry. But at the present time our hopes are for action in time to take care of the sheep industry.

Mr. SHORT. It just seems to me that the approval of the extension of the Wool Act would in no way deter, or deviate from the Department's recommendations so far as the general farm legislation is con-

cerned. If it were to depart, I could see justification for wanting to keep it in. I cannot see how it would necessarily harm the omnibus farm bill if it were taken out, if it is a benefit to the industry by having it enacted as quickly as possible.

Dr. RALPH. Well, certainly, action extending the Wool Act would be an endorsement of the commodity-by-commodity principle in which we believe. Our objective in drafting the Agricultural Act of 1961 was to present or to suggest to the Congress one piece of legislation that will include all of our proposals.

Mr. SHORT. Might I ask one more question?

Mr. POAGE. Certainly.

Mr. SHORT. I sometimes wonder whether the Wool Act should be revised. I certainly have no specific ideas on this. But it seems that while the Wool Act tends to stabilize the price for the producer, the sheep producer of wool, which is only one of the products, one of the other products which is lamb, is often in price trouble, as it is at the present time, and this, of course, gets into a broad consideration of the possibility of restricting imports and that sort of thing, but the same consideration is involved in wool. And I wonder whether the Department had any ideas on whether or not lambs should not be a little bit more included in the Wool Act?

Dr. RALPH. I am not prepared to make a recommendation or comment on that at the present time. But I would say that we are aware that the producers of lamb are in trouble. The prices are very low this year.

I was down in Dallas, Tex., a couple of weeks ago on Friday night and someone called me at 3 o'clock in the morning from California to tell me that the price of lambs was too low in California and wanted to know what I was going to do about it. [Laughter.]

I told him that I was in Texas and I would still have to get my clothes on before I could take any direct action. So he agreed to give me until the following Monday.

We would like very much to have some ability to help these sheepmen because they are in rough straits. At any time that some such bill as this is proposed, we would be prepared to comment on it, sir.

Mr. SHORT. Thank you.

Mr. POAGE. Any questions?

Mrs. MAX. May I carry on with the questions by Congressman Short concerning the lamb price situation? Last year we had a hearing on the possible effect on lamb prices and marketing and sale of lamb as it was affected by USDA grading standards. And I was wondering if we are going to have any legislative report on that. On this lamb problem, has your Department gone into this to see if there should be administration changes in the lamb grading; has there been any study of that?

We would like to see higher prices. That is one way of helping our lamb prices.

Dr. RALPH. I am not fully informed on this, but I understand that the people in our grading service are still studying this problem of lamb grading. Certainly, we all know that if you do not offer the consumer the proper grades that she wishes, it will adversely affect lamb consumption. We have not announced any recent changes in that pattern. We are still studying it.

Mrs. MAY. I might suggest, Mr. Chairman, it would be of interest to this committee, to have a report on what has been the result of such study. And if it is being reflected in better sale conditions for lamb producers.

Dr. RALPH. We would be very pleased to come forward with a report on that.

Mr. POAGE. Any further questions?

Mr. BREEDING. I would like to ask a question. I had a call from a friend in my district and he asked me to get busy and have the Government buy some of this dressed lamb.

I want to ask you now, do you intend to buy any lamb in the market and are you going to continue to stay in the market?

Dr. RALPH. The Department has had a program of buying frozen lamb in recent weeks for domestic distribution to eligible nonprofit charitable institutions as a part of our food distribution program. With the purchase last week we announced discontinuance of this buying as the current needs of eligible institutions have been filled. From the time the program was started in late February, the Department purchased nearly 10 million pounds, or about 10 percent, of the federally inspected production of lamb and mutton during the period.

Mr. BREEDING. That has reference to my former question. I want to encourage the Government to continue to buy lamb.

Dr. RALPH. As I indicated, we have bought as much as we feel can be used by the institutions which participate in the program, but I will be happy to relay your recommendation to Mr. Duncan, who handles such programs, that your constituents are interested in having the Department to continue to buy lamb.

Mr. BREEDING. Just a few minutes before you testified we had a letter introduced by Congressman Jennings, I believe, that had to do with increasing the incentive payment from 62 cents to 82 cents.

Dr. RALPH. Yes, sir.

Mr. BREEDING. Is there any reason for increasing parity, on the price of wool?

Dr. RALPH. I think this is a subjective question as to what is a fair price for wool. If we were at 106 percent of parity some years ago and now we are down to 83 percent, there would be some justification for saying that the price should be higher. However, if we were to support it at a higher level than 62 cents, additional funds would be required to finance the program. At the prevailing levels of prices and imports, the 70 percent of the duties collected on imports of wool and wool manufactures would not be adequate to support an incentive price much, if any, higher than 62 cents.

Mr. JENNINGS. Are you now supporting wool at 70 percent of the amount of the tariff that you collect? Are you now spending that much?

Mr. IMMASCHE. As the table will show; just about.

Mr. JENNINGS. In other words, 62 cents a pound support just about takes up the 70 percent that you collect?

Mr. IMMASCHE. On a current basis. And it does not give us much elbow room in the event that imports should decline and reduce the amounts available for payments or wool prices should decline and increase the amount of payments required.

Mr. JENNINGS. That is correct. Let me ask you this: How much would you have to increase the tariff percentage to make this 75 cents a pound, just roughly?

Mr. IMMASCHE. Each 1 cent in the rate of payment means about \$3 million. So if you raise the incentive price from 62 to 75 cents, you could multiply the increase of 13 cents by \$3 million. That would indicate roughly \$40 million more a year.

Mr. JENNINGS. How much more would the \$40 million, percentage-wise, reflect? Would that be 80 percent?

Mr. IMMASCHE. Let me see; there is a table on the duty collections on imports of wool and wool manufacturers by years since 1948.

Dr. RALPH. Let me restate an answer that we gave to your first question. We had \$103 million in the reserve and we will still have that after several years of the program. We have been using just about all the 70 percent of duties on a current basis to maintain the 62 cents price.

Mr. JENNINGS. Here is the danger as I see it: Lamb prices have gone down considerably and sheep prices have gone down, about \$5 to \$7 a head. Lamb prices are down about 4 to 5 cents a pound.

Dr. RALPH. Yes.

Mr. JENNINGS. Are we going to produce more sheep as a result of this decrease in the other product, the meat product? And unless we increase the wool price a little bit, aren't we working at cross-purposes? Are we not going to produce fewer sheep as the result of the lower overall price and, as a result, we will have less and less wool?

Dr. RALPH. Yes, sir, Congressman Jennings, that is correct. Certainly, the price of lamb does affect the producer's decision to stay in the sheep business. And if lamb prices continue to go down, this will work against our wool incentive payment program.

Mr. JENNINGS. Actually, has not the price of wool gone down, also, over the last year or so? I am talking about the price at the marketplace making you pay part to the producers because the incentive payments would be somewhat larger than they have been in years past, causing you to have that?

Dr. RALPH. I do not believe that is correct. I do not believe that the price has gone down.

Mr. IMMASCHE. The price of wool has been running around 40 cents for the last couple of years. After rising to about 55 cents in May of 1957, the national average of the prices received by growers declined along with the declines in the world market, to a low of 35 cents in late 1958 and has been ranging from 40 to 43 or 44 cents since.

Mr. JENNINGS. Sometime ago in this program, a few years back, I had a great deal of complaint—I don't know whether it was founded in fact. It was that this program was supporting the manufacturers along with the producers. The producer was getting his price of 62 cents a pound, and as a matter of fact, the buyers were getting together and buying at 40 or 45 or 47 cents a pound. And you are going to get your 62 cents anyway, they said.

Mr. IMMASCHE. We had quite a lot of comment and criticism the first year, that buyers were taking advantage of the program. However after the growers found that the payments were made at a percentage rate and it was to the advantage of the individual producer to

get the highest price possible for his wool because in so doing he would also get a larger payment, there has not been that criticism.

Mr. JENNINGS. I think that is true. Also, that happened with the unshorn wool, did it not, at the beginning of the program? You had purchasers buying the lamb and then selling the unshorn wool. The actual producer was not getting the benefit. Has that been ironed out?

Mr. IMMASCHE. The first year we made the payment on the sale of lambs for slaughter and that required slaughter certifications. The furnishing of these certifications involved the entire marketing system and was a complicated process, particularly in the case of small lots. Then there was always the question of whether the buyer of the lambs reflected the prospective payment in what he paid the original producer for the lambs.

After experiencing the difficulties with the 1955 program, we worked out the arrangement started in 1956 whereby payments are made on all sales of unshorn lambs and in case of lambs that are purchased, the payment to the later owner is adjusted downward by an amount equal to the payment on the weight on lambs purchased. We have not heard much complaint since.

We recognize that the payment rate on unshorn lambs does not reflect the precise quantity and quality of wool on each lamb, but it is about the best we can do administratively. We have to have a method that can be applied across the board.

Mr. JENNINGS. I have had some complaints, also, of the little producer taking the lambs into the marketplace on the market day, and having individual buyers who buy for the larger packing companies for slaughter, marketing those sheep through him, and then he in turn gets the wool, the unshorn wool payment rather than the individual producer. Because, when they are sold at the market they are sold in his name.

Mr. IMMASCHE. Payments are made only to bona fide producers who have owned the lambs for at least 30 days. In that way, speculators, traders, and others who may own lambs only for a short period are not eligible. Audits and spot checks are made to assure compliance.

Mr. JENNINGS. Getting back to my original question, under the circumstances and under the present conditions, and what might be foreseeable conditions, do you feel that if we extend the program we would be justified to raise the support or the incentive payment to 75 cents a pound or to some higher figure? Let me not specify 75 cents.

Dr. RALPH. We feel in the Department that farm income is low, and any move made to raise it is justified, but I feel that is a decision for the Congress to make as to whether you should require this to be raised or not.

Mr. IMMASCHE. I might mention there is a provision in the law that says that the Secretary shall set the incentive price at a level which he determines, after consultation with producer representatives, will encourage an annual production of 300 million pounds. Up until this last year when lamb prices became discouragingly low, we were getting a gradual increase in wool production of about 3 percent a year, about as much as could be expected.

The 62 cents appeared to be doing the job.

Mr. JENNINGS. What is it, 62 percent of parity?

Mr. IMMASCHE. Around 83 percent.

Dr. RALPH. If we took action on our own to raise the level from 62 up to 65 cents, with the present funds available, we might have to come back for more money. The payments with the level at 62 cents have been taking on the average all the 70 percent of duty collections authorized under the present act. Our estimate is that if we continue at approximately the 62-cent level, we will continue to use up the amounts becoming available for payments from the duty collections.

Mr. JENNINGS. That is all. Thank you.

Mr. HARVEY. First of all, may I ask, do you have any particular idea as to what has caused this unprecedented break, very unwelcome break in lamb prices?

Dr. RALPH. I have no information.

Mr. HARVEY. It has not been caused by any kind of substantial increase in production, has it?

Mr. IMMASCHE. In recent months the supply has been, I do not know what the exact figure is, but 10 or 30 percent above the corresponding months a year earlier.

Mr. HARVEY. Then you are saying actually that the present low price has been due to the substantial increase in production.

Mr. IMMASCHE. For the short-term period. I would not say over the long run. In other words, lamb prices started getting lower last summer and fall, but during the period when the Government has been buying, I saw some figures the other day indicating that the supply has been running 10 or 30 percent over the corresponding period a year earlier.

Mr. HARVEY. Do you have any prediction as to the possible production level for the coming season?

Mr. IMMASCHE. Indications are that the lamb crop this year will be a little bit larger than last, but not any big change.

Mr. HARVEY. Do we get very much frozen lamb shipped into the United States?

Mr. IMMASCHE. Imports of frozen lamb have been on the increase the last few years. Last year they totaled about 12 million pounds. This total was still less than 2 percent of our own production. Of course, imports are cited as a reason for the decline in lamb prices. We have here a table showing the imports of lamb and mutton and live sheep and lambs for recent years.

(The table referred to follows:)

U.S. lamb and mutton production, imports, and exports and imports as a percentage of U.S. production, 1951-60

Year	U.S. production		U.S. imports ¹			Lamb imports as percent of lamb and yearling production	U.S. exports, lamb and mutton ¹
	Lamb and mutton	Lamb and yearling ²	Lamb	Mutton	Total		
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Percent	Million pounds
1951.....	521	469	6.6	0.1	6.7	1.4	0.2
1952.....	648	583	5.4	.8	6.2	.9	.4
1953.....	729	656	1.8	1.3	3.1	.3	1.3
1954.....	734	660	1.8	.3	2.1	.3	.8
1955.....	758	682	1.4	.9	2.3	.2	.4
1956.....	741	667	.8	.6	1.4	.1	.6
1957.....	707	636	1.8	1.7	3.5	.3	1.3
1958.....	688	619	6.8	⁴ 17.2	24.0	1.1	.7
1959.....	738	664	9.5	⁴ 47.3	56.8	1.4	.8
1960.....	³ 760	³ 684	12.4	⁴ 37.3	49.7	1.8	1.5

¹ Excluding canned.

² Estimated at 90 percent of the total.

³ Partly estimated.

⁴ Practically all boneless.

U.S. imports and exports of live sheep and lambs, 1955-60

Year	Imports ¹	Exports ¹
1955.....	7,640	26,113
1956.....	3,158	60,410
1957.....	² 17,832	36,029
1958.....	² 39,769	17,487
1959.....	² 75,521	21,912
1960.....	⁴ 49,767	36,439

¹ Excludes animals for breeding.

² All from Canada.

³ Including 48,137 from Australia.

⁴ Includes 47,615 head from Australia.

Source: Livestock and Meat Products Division, Foreign Agricultural Service, U.S. Department of Agriculture, Mar. 6, 1961.

Mr. HARVEY. I had a rather interesting experience. When I was home in February I was asked to speak at a Midwest lamb and wool promotion dinner at Muncie, Ind. It was a rather ambitious program, and I thought that it reflected a very fine effort on the part of the producers from that area.

However, in giving their story to me of their problems in connection with this program, they had a small executive dinner at which they were going to plan for the production of the big dinner. And the lady who was preparing the lamb sent for the chairman and said that she had bought the lamb for this affair and it was not fit to serve. He went to examine it himself, and after a good deal of checking, found that this lamb that was being prepared for them was frozen lamb that had been shipped in. And further investigation disclosed that it was not a good quality of lamb and that it actually was not very edible.

And they felt that if that was the type of lamb that the average housewife would be offered in the retail market, it would do a great deal of damage and undo a lot of the good that this promotion program was supposed to produce.

I am asking, in your opinion, how much—not in terms of the total poundage, but how much because of the low quality of the product—how much damage it is actually doing to the public acceptance of lamb in their diets?

Dr. RALPH. We have heard of some complaints of this ourselves. We are planning to look into it. At the present time we are not prepared to state how much damage has been done as the result of the quality being offered.

Mr. HARVEY. I am not familiar with what may have happened there, but I would like to ask you if you have any suggestions as to these lamb carcasses that are shipped in, frozen, why apparently the quality of the meat was so low. Why was it almost inedible?

Mr. IMMASCHE. I have heard that one problem may be the thawing in order to have it graded.

Mr. HARVEY. May be what?

Mr. IMMASCHE. The product may be thawed, defrosted, and then frozen again. When the consumer gets it, she cannot tell that it may have already gone through two freezing cycles and it may turn out unattractive because of some deterioration during the process or handling. There are a number of things that could be looked into with regard to the handling of imports. I understand the woolgrowers are working on that angle.

Mr. HARVEY. I certainly think that this very crucial illustration indicates there is an area which needs to be looked into. Certainly, if that is going on in any degree at all, and if this low quality lamb being offered is doing—as some of the producers seem to think—a great deal of damage to their product, it is something to be looked into.

The thing for the industry to do would be to make sure that this sort of thing was prevented from happening. I am certainly not in a position here of scolding anybody. I am just saying that I think it should be given very serious consideration.

Mr. JENNINGS. Will you yield at that point? You mentioned only imported meat which was frozen. How many lambs and sheep are being imported live?

Mr. IMMASCHE. We have heard a lot about the shiploads coming from Australia.

Mr. JENNINGS. That is correct.

Mr. IMMASCHE. Two shiploads came in during 1959 and two during 1960—about 25,000 each shipload. In other words, about 50,000 live lambs from Australia in 1959 and 50,000 again in 1960. We have not heard any more since. It does not look like such imports from Australia will continue as any big threat.

We always get a number from Canada, but the shipload business from Australia appears at the moment to be pretty much out of the picture.

Dr. RALPH. There is a great technical problem in controlling disease. When you put sheep together on a ship, if one has an infection, the infection can spread rather rapidly. Those imports which all came into California were rather unsuccessful.

Mr. JENNINGS. I was wondering, also, from what Congressman Harvey was referring to, it would indicate that perhaps we had gotten a little lax on the grading. Maybe this grading has relaxed too much. Maybe we should go back to more stringent grading.

Dr. RALPH. This is possible. We will certainly look into it.

Mr. JENNINGS. Certainly, if the consumer is getting poor quality, we want to take care of that. We want to be sure that they get the best quality.

Mr. POAGE. That is contrary to every report that I have ever heard. I just wondered where it came from.

Mr. HARVEY. From outside of the country.

Mr. POAGE. From what country?

Mr. HARVEY. I do not know. I could look into it further and try to find out.

Mr. POAGE. It seems to me that it would be contrary to every concept that people in business have who want to ship in the very best for their export market because it brings a better price. Otherwise, they cannot sell the low grade stuff if they ship it. I have heard about the New Zealand lambs being better lambs than what we were selling on the market. If it is that poor, then it will not be any threat to the American market. That is no threat to us, if it is so bad that the housewife would not eat it.

Mr. HARVEY. I can only say this: that in this instance the correspondent wrote me and said that in his investigation, which extended, I believe, only to the retailer in Muncie, who had sold the lamb, that his reason was that he was able to buy this imported lamb at a lower figure. He had bought it at a few cents less a pound for that reason.

Mr. POAGE. I do not think there is any doubt that these people have been selling it.

But those who have been handling it, even though it is very small, a very small amount that comes in, it has been handled in such a way as to deliver it direct to the market because it is not through the regular meat handlers. He ships some to Muncie and breaks the market; he takes over the entire market as long as his product lasts and then he is out of business and he is gone. It is not the regular packers who are selling it. It is a trade problem that would not show up if those imports which amount to only 2 percent were scattered over the country.

When you drop a carload, that is all you will have for some time. The people who are handling it are not in the packing business. The man who buys that which comes in at the west coast, the man that buys it is merely a jobber, he is not a packer. The packers do not buy this lamb. And it is therefore a commodity which sells simply on price.

Mr. HARVEY. It is my personal opinion that because lamb is not a common part of the diet on the tables of the run-of-the-mill family that the market for lamb and lamb products is not as good, they do not sell enough of it to guarantee a retailer a volume of business that will justify him in ordering it in volume.

Mr. POAGE. That is correct.

Mr. HARVEY. He orders it piecemeal. And for that reason I suspect he does not give too much attention to it.

Mr. POAGE. I heard somebody express it this way—and I think he was right—he said we are now eating in the United States about 4 pounds of lamb per year. He says, “You cannot merchandise less than 10 pounds of a product per capita per year and actually have

merchandising." If people consume less than that, there cannot be a national system of actual merchandising a product unless you sell as much as 10 pounds per capita per year. We are actually selling less than half of that amount.

Mr. HARVEY. There are a lot of factors involved in this and I am certainly not, as I said here, in a capacity of scolding about it. I do think it is something concerning which we ought to have a better understanding.

Mr. POAGE. Suppose you find out where that lamb came from?

Mr. HARVEY. I will try to.

Mr. POAGE. Thank you.

Any further questions?

Mr. REIFEL. I have a couple of letters from sheep growers. One made the observation that the Wool Act made prices of the wool such that the person who was raising sheep for lamb production to make his money was not getting as much on balance as the grower who raised for wool and that this will encourage many people to go into wool production for their main income.

I was wondering if the sheep industry is in such imbalance that this is of significance for those who do depend upon lamb sales for their main income?

Dr. RALPH. Certainly, if the price of wool is more favorable than the price of lambs, it will tend to encourage the wool type of sheep compared with the mutton-type sheep.

Mr. REIFEL. I was wondering as one of the other witnesses pointed out just recently the number of sheep being 20 percent more.

Mr. IMMASCHE. Slaughter during recent months has been 10 to 30 percent greater than during the corresponding months a year earlier.

Mr. REIFEL. It has gone up that much?

Mr. IMMASCHE. Yes.

Mr. REIFEL. This is a trend?

Mr. IMMASCHE. No.

Mr. REIFEL. You do not believe it is?

Mr. IMMASCHE. The situation can change rapidly. As soon as the old crop of lambs in feed lots are out of the way, supplies will depend on the new crop. As mentioned, the lamb crop this year is not expected to be materially different from last year.

Mr. REIFEL. Another question: In eastern South Dakota the family farms are dependent upon some diversity in production and many include sheep and it would be difficult for them to keep in business if they were going to find large numbers of sheep brought into this country that would affect the price. You mentioned two boatloads last year. Is there a likelihood with this disease business on the boat and the like that that is a determining factor? Can we expect larger numbers of sheep being brought in? What might limit the imports of sheep?

Dr. RALPH. Anything I tell you will be an opinion, but in my opinion imports of live lambs are not likely to increase. There was a lot of publicity when a boatload arrived but the number of lambs in relation to our own production never was sizable. I do not think they will overcome the problems of transporting live lambs from the southern hemisphere to here. What I say has no connection with the imports of frozen lamb.

Mr. REIFEL. Thank you very much.

Mr. POAGE. Any further questions?

Mr. HARDING. I would like to ask if there is any way that the housewife, as she goes to the grocery store, can distinguish between lamb that is raised in America and imported lamb? Is this lamb that is brought in graded and stamped with the regular stamp, "U.S. Choice," "U.S. Good," and so forth?

Dr. RALPH. I understand that if the imported lamb is graded it carries the same grade marks as domestic lamb and there is no way for her to discern the difference.

Mr. HARDING. I share Mr. Harvey's concern regarding imported low quality lamb. I was in the potato processing business before I came to Congress. I know that during World War II a lot of our GI's were fed poor quality processed potatoes and they have not tried them since. Today the processor is putting out a processed potato that is terrific. Even our Idaho potato growers are having trouble distinguishing between mashed potatoes that come from processed potatoes and those that are mashed from fresh potatoes.

I think it is important that if the housewife buys imported lamb she should know that she is buying imported lamb.

Is there any way that this imported lamb could be stamped "imported" and then the grade? Would this type of stamping require legislation or can the Department do it by themselves?

Dr. RALPH. To do it in a negative fashion by stamping the product as imported might require legislation. The American Sheep Producers Council through their promotion program which is operated under this law, might be able to approach the problem from the positive standpoint by promoting American lamb.

Some of the promotion agencies operating through marketing orders and agreements under State laws have been able to create some degree of preference for local quality products by promoting them as such. I think it would take considerable effort on the part of the American Sheep Producers Council to bring the housewives' attention to domestic lamb.

Mr. POAGE. Will you yield there?

My observation has been that she did buy that in the past because the imported lamb was generally better quality than the domestic lamb. And you would not want to advertise the imported lamb as being such. Of course, if Mr. Harvey's experience is typical, then labeling would be very helpful.

If on the other hand, we are actually importing a higher quality in most cases, if that is what is happening, then if you stamp it, it would not help you a bit.

Mr. HARDING. The thing that worries me is this imported lamb, if it is frozen and then thawed and then frozen again, naturally it will be of poorer quality. I think there should be a stamp of identification or at least there should be a study made as to whether or not an identification would be beneficial to the domestic producers.

Mr. JENNINGS. If you will yield there, I felt somewhat the same way last year when testimony brought out the fact that Virginia lambs are a very fancy quality, and I suggested that we have the grade "Virginia fancy quality" put on these lambs, because it seemed that it would have good acceptance. I would not want to have Virginia lambs identified otherwise. [Laughter.]

Mr. POAGE. Are there any further questions?

Mr. REIFEL. The sheep industry through the Sheep Council are in favor of stamping it as suggested, that has been gone into, I suppose, whether to have that as to the imported and the distinction between that and our own.

Mr. JENNINGS. Actually, it would not be necessary. If it is good, it is good. If it is choice, it is choice. If it is fancy, it is fancy. If it is poor, it is poor. Whether imported, domestic, or travels around the world.

Mr. POAGE. Back to the wool bill, without going into the lamb question—it is important but it is not actually a part of this discussion this morning—I wonder if there is any further discussion on the wool bill.

If not, we are very much obliged to you, Secretary Ralph, and all of your associates.

I see we have with us our colleague, Mrs. Pfost, who wishes to make a statement about this wool bill. We will be glad to hear from you.

First, without objection, unanimous consent is granted to insert the telegrams received by Congressman Williams and Congressman Winstead.

(The telegrams received by Representatives John B. Williams and Arthur Winstead were identical and read as follows:)

STARKVILLE, Miss., April 18, 1961.

This association heartily endorses permanent extension of National Wool Act and requests that this wire be included in hearing record. Further request that you work for passage of same.

J. W. GRAY, Jr.,

President, Mississippi Sheep Producers Association.

STATEMENT OF HON. GRACIE PFOST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mrs. PFOST. Chairman Poage, and members of the Livestock and Feed Grains Subcommittee, I greatly appreciate having the opportunity to appear here this morning and my thanks to you, Mr. Chairman, for turning to this legislation so early in the session.

The National Wool Act, as members of the committee well know, has proved its worth over and over again since it was put into operation back in 1955. As a subsidy program benefiting woolgrowers, it has been one of the most successful programs enacted by the Congress. It has assured woolgrowers a measure of price stability and prosperity which has, in effect, made it a model for general farm legislation.

Idaho is a major shorn wool producer, ranking eighth in the Nation. While wool production is concentrated largely in the Second District of Idaho, rather than my own First Congressional District, it remains an important phase of Idaho's economy and it therefore has my wholehearted support. Idaho woolgrowers produced 11,304,000 grease pounds last year. Without exception, every communication I have received has urged extension of the Wool Act for at least 2 years, and many have requested that the extension be made permanent.

The bill being considered by the committee would, in fact, do just that, and the distinguished chairman, Mr. Poage of Texas, is its sponsor. While my own wool bill called for an extension of the act by

3 years, I am happy to go along with the proposal for a permanent extension if that is the will of the members of the committee.

I am fully aware of how effectively the act has operated since it was enacted, and the thought occurs to me that the legislation ought to become a prime model for other farm legislation. Certainly the members of the committee will agree that there are areas of our farm economy which are sorely depressed at this time. Farm income has been skidding downward for years. This depression has forced millions of our fine family farmers off the land and into the city, where they have to compete in an ever dwindling job market. The sad plight of many of our farmers was brought sharply home to me during my travels through Idaho last fall, and I am reminded of that situation almost daily in letters that reach my office from the district. All of these families, like our woolgrowers, are farmers. They, too, must somehow be helped. I do not believe any segment of our farm economy should have favored treatment or be discriminated against.

If it were possible, and if it were the thinking of the committee, I would like to see the Wool Act incorporated as a part of broad legislation to help the family farmer, where it can effectively serve as a model for such overall legislation. Its sound principles and provisions should be used to benefit other farm groups as well.

I am aware, at the same time, that the legislation before the committee should be acted upon in the near future in order to assure woolgrowers ample opportunity to work out their own production quotas. Much of this must be done in advance, therefore early passage is most important to our wool producers.

Mr. Chairman, I urge that the Wool Act be included in overall farm legislation if it is possible to hammer out that legislation in the next few weeks. If, in the wisdom of this committee such action is not forthcoming, I would then urge that the legislation before this committee to extend the National Wool Act be favorably acted upon at the earliest possible moment.

Thanks very much for your courtesies.

Mr. POAGE. We appreciate your appearance here this morning.

The first witness I have is Mr. Charles Schreiner of the Texas Sheep & Goat Raisers Association, San Angelo, Tex.

STATEMENT OF CHARLES SCHREINER III, PRESIDENT, TEXAS SHEEP & GOAT RAISERS ASSOCIATION

Mr. SCHREINER. Mr. Chairman, members of the committee, my name is Charles Schreiner, and I appear before this committee as an operator of a sheep ranch near Kerrville in southwest Texas. Also, I am representing the Texas Sheep & Goat Raisers Association, an organization of Texas growers which I serve as president.

The sheep industry is of significant economic concern to a widespread area of Texas. It is estimated that we have in excess of 20,000 growers who produced 52 million pounds of wool during the year 1960. We firmly believe that the stability of this industry in our State is based on continuation of the protection afforded by the National Wool Act of 1954.

For years the domestic sheep industry has been struggling to overcome serious problems threatening its very existence. In the early 1950's the domestic wool market, which is the only market for the American wool grower, began to experience increasing adverse effects of competition from synthetic fibers and imports of wool products from low production cost countries.

To a depressed market was added a severe drought condition in our State where many growers began to find it impossible to continue to operate their ranches. As these problems developed to an acute state in 1954, the Congress wisely passed the National Wool Act.

The wool and lamb incentive programs of the act served to reverse the downtrend in the industry and encourage growers to continue their operations and increase production. This stimulating effect on production is reflected in estimates reported by the Texas Crop and Livestock Reporting Service of the USDA.

In 1954, 5,651,000 sheep and lambs sheared 45.4 million pounds and in 1960, 6,358,000 head sheared 51,980,000 pounds. Thus since 1954 there has been an increase of over 700,000 sheep and lambs and approximately 6.6 million pounds of wool.

Although the industry has been provided a badly needed shot in the arm by the National Wool Act, the serious problems confronting the industry continue to threaten its existence. Since 1957 we have seen a rapid increase in the volume of low cost imports of lamb and mutton from Australia, New Zealand, and Iceland. The competition from these imports has contributed a depressing influence to the sheep market which may be evidenced in a comparison of our market at this time to that of a year ago.

Last year fat spring lambs brought a top price of \$23 per hundred-weight and recently sold for \$17.50 per hundredweight. Old crop lambs last year brought \$18.50 and are now bringing \$13.75. Feeders last year brought \$19 to \$20 and are now bringing \$15 to \$16. These figures are reported by a San Angelo market.

A substantial volume of foreign wools, yarns, fabric, and garments imported into this country have provided a detrimental influence on market prices for domestic wools. These wool products are made in countries where wage rates in textile mills are substantially below textile rates in our industry. The Japanese textile worker receives a wage of about 14 cents; the Italian, 30 cents; the French, 51 cents; the German, 46 cents; the English, 54 cents; and the American, \$1.73 per hour.

This problem is becoming more acute as our domestic costs of production and manufacturing continue to rise and if the financial pressures of imported wool products increase without regulation, it may cause serious curtailment of the production of domestic wool manufacturers.

Then, too, the synthetic industry is expanding and stepping up its promotion programs for synthetic fibers further threatening the uses and consumption of wool.

In view of these complex problems, the woolgrowers of Texas respectfully request that the National Wool Act of 1954 be extended. We believe that an extension should include the vital promotional programs for lamb and wool as provided in section 708 of the act. National advertising, through magazines, television, and newspapers,

on wool and lamb must be continued in order to combat competition of synthetic fibers and imports of wool products and lamb.

Were it not for these national advertising and publicity programs, the domestic sheep industry would be without a medium of promotion for its products. This would occur as the synthetic industry continues to spend millions of dollars on synthetic fiber promotion and the trade policies of this country permit increasing volumes of wool products and lamb to be imported.

Our association therefore is in accord that the all important section 708 of the National Wool Act must be continued.

In closing, Mr. Chairman, I would like to emphasize to the members of the committee that sheep ranching is a long-range operation requiring planning based on anticipated conditions several years in advance. We have reason to believe that the problems of our industry will continue, and the protection of the Wool Act will be needed for an indefinite period.

To provide a long-term stabilizing effect for the industry, we respectfully urge that the National Wool Act of 1954 be extended on a permanent basis, in its present state without amendment.

Mr. POAGE. Thank you, Mr. Schreiner. I wonder if it is a fair interpretation of your statement to assume, as I have, that in your discussion of the tariff and the protection from foreign competition, that what you are really summarizing is that this Wool Act is probably the only effective way to meet both of those problems at the same time?

Mr. SCHREINER. That is correct.

Mr. POAGE. Because, obviously, if you rely solely on the tariff, synthetics will put the woolgrowers clear out of business?

Mr. SCHREINER. That is correct.

Mr. POAGE. Because while you can raise the price of wool to anything you want with the tariff—you recognize that—you can run the price of wool up to \$1.50 a pound, if you put the tariff up to \$1.60 on wool and you can sell wool at \$1.50 next month, but whether you will sell it at all 10 years from now becomes questionable, because synthetics will sell for far less than that.

So it seems to me so clear that the tariff cannot protect the wool business any more than it can protect the cotton business. And that your only recourse then is a direct payment, such as this bill contemplates, and I judge that is what you meant to recognize in your discussion of it.

Mr. SCHREINER. That is true.

Mr. POAGE. Are there any other questions?

If not, we very much appreciate your coming here.

Mr. SCHREINER. Thank you, Mr. Poage.

Mr. POAGE. Now, we have the national association, represented by a man I have to take a little pride in recognizing. He is president of the National Wool Growers Association with headquarters at Salt Lake City, Utah, but the president is from Texas.

Mr. Metcalfe is from San Angelo, Tex. We are delighted to hear from you, Mr. Metcalfe.

**STATEMENT OF PENROSE B. METCALFE, PRESIDENT, NATIONAL
WOOL GROWERS ASSOCIATION**

Mr. METCALFE. I appreciate your introduction and appreciate the hearing we are being given today and the opportunity to appear here.

Mr. Chairman and members of the committee, my name is Penrose B. Metcalfe. I am a relatively small sheep and cattle raiser from San Angelo in western Texas.

I am appearing here today as such an operator, and also as president of the National Wool Growers Association, which is the oldest national livestock organization in this country. Our association is also the recognized spokesman of the sheep-producing industry of the Nation.

One of our leading cattlemen in Texas is operating a sheep ranch off the coast of Alaska. I am sure that the chairman knows Mr. Norman Mosher.

To proceed: Our membership consists of 19 State woolgrowers' associations in Arizona, California, Colorado, Idaho, Indiana, Maryland, Minnesota, Mississippi, Missouri, Montana, Nevada, New Mexico, Oregon, South Dakota, Texas, Utah, Washington, Wisconsin, and Wyoming.

I am happy to say also that 97 sheep and wool producer organizations in 48 States have joined with our organization in endorsing bills before Congress to extend the National Wool Act. Names of these organizations are included in a brochure prepared by our organization for the Members of Congress, and these brochures will be brought around to your offices and presented to you individually in a few days.

I would like permission to have inserted in the record the names and addresses of these 97 organizations.

Mr. POAGE. Without objection you may do so.

(The list and the letters follow:)

Renewal of the National Wool Act is supported by these organizations in the sheep producing industry:

National Wool Growers Association, Salt Lake City, Utah
National Wool Marketing Corp., Boston, Mass.
National Lamb Feeders Association, Lamar, Colo.

Alabama:

Alabama Sheep & Wool Growers Association, Montgomery

Arizona:

Arizona Wool Growers Association, Phoenix

Arkansas:

Northwest Arkansas Sheep Producers Association, Springdale

Washington County Sheep Association, Fayetteville

California:

California Wool Growers Association, San Francisco

Colorado:

Colorado-New Mexico Wool Marketing Association, Denver

Colorado Wool Growers Association, Denver

Colorado Wool Marketing Association, Denver

Columbia Sheep Breeders Association, Fort Collins

Connecticut:

Connecticut Sheep Breeders Association, Putnam

Delaware:

Delaware Sheep & Wool Association, Houston

Florida:

Northwest Florida Sheep Growers Association, DeFuniak Springs

Georgia :

Georgia Purebred Sheep Breeders Association, Athens
 Georgia Sheep & Wool Growers Association, Marshallville

Idaho :

American Suffolk Sheep Society, Moscow
 Idaho Wool Growers Association, Boise
 Idaho Wool Marketing Association, Inc., Pocatello

Illinois :

Illinois Wool Marketing Association, Paris

Indiana :

American Shropshire Registry Association, Lafayette
 Indiana Farm Bureau Cooperative, Indianapolis

Iowa :

American Hampshire Sheep Association, Stuart
 Iowa Sheep & Wool Growers Cooperative Association, Hampton
 Iowa State Sheep Association, Des Moines

Kansas :

Kansas Purebred Sheep Breeders Association, Manhattan

Kentucky :

Blue Grass State Sheep Association, Lexington
 Kentucky Wool Growers Cooperative Association, Lexington
 National Sheep Association, Louisville

Louisiana :

Louisiana Sheep Growers Association, Baton Rouge
 Louisiana Sugar Belt Sheep Growers Association, St. James

Maine :

Maine Sheep Breeders Association, Vassalboro

Maryland :

Maryland Sheep Breeders Association, Upperco

Massachusetts :

New England Sheep & Wool Growers Association, Sheffield

Michigan :

American Oxford Down Record Association, Eaton Rapids
 Michigan Sheep Breeders Association, East Lansing
 Michigan Shropshire Breeders Association, Kalamazoo
 Michigan Lamb Feeders Association, East Lansing

Minnesota :

Minnesota-Dakota Columbia Breeders Association, Sleepy Eye
 Minnesota Sheep Breeders Association, St. Paul
 Minnesota Wool Growers Association, Minneapolis
 Northern Minnesota Sheep Producers Association, Middle River
 Southern Minnesota Sheep Breeders Association, Le Center
 South Dakota Wool Growers Association, Minneapolis

Mississippi :

Mississippi Purebred Sheep Breeders, Natchez

Missouri :

American Corriedale Association, Columbia
 Midwest Wool Marketing Cooperative, Inc., Kansas City
 Northeast-Missouri Livestock Association, Columbia
 Missouri Hampshire Sheep Association, Leonard
 Montadale Sheep Breeders Association, St. Louis
 National Suffolk Sheep Society, Columbia

Montana :

Montana Wool Growers Association, Helena
 Northwest Wool Marketing Association, Chinook

Nebraska :

Nebraska Wool Growers Association, Crawford

Nevada :

Nevada Wool Growers Association, Reno
 Nevada Wool Marketing Association, Ely

New Hampshire :

New Hampshire Sheep Breeders Association, East Kingston

New Jersey :

New Jersey Hampshire Sheep Association, Bernardsville
 New Jersey Sheep Breeders Association, New Brunswick

New Mexico :

New Mexico Wool Growers Association, Albuquerque

New York:

New York State Sheep Growers Association, Ithaca
 New York State Sheep Growers Cooperative Association, Penn Yan
 New York State Corriedale Association, Holcomb
 Schuyler County Sheep Breeders Cooperative Association, Watkins Glen
 Western New York Lamb Feeders, Batavia

North Carolina:

North Carolina Wool Pools, Raleigh

North Dakota:

Missouri Slope Wool Growers Association, Center
 North Dakota Cooperative Wool Marketing Association, Fargo

Ohio:

Ohio Sheep Improvement Association, Columbus
 Ohio Wool Growers Cooperative Association, Columbus

Oklahoma:

Oklahoma Sheep & Wool Growers Association, Delaware

Oregon:

American Romney Breeders Association, Corvallis
 Oregon Wool Growers Association, Fossil
 Pacific Wool Growers, Portland

Pennsylvania:

American Cheviot Sheep Society, Lafayette Hill
 American Southdown Breeders Association, State College
 Continental Dorset Club, Hickory
 Pennsylvania Sheep & Wool Growers Association, Waynesboro

Rhode Island:

Rhode Island Sheep Cooperative, Chepachet

South Carolina:

South Carolina Sheep Breeders Association, Inc., Mountville

South Dakota:

Western South Dakota Sheep Growers Association, Belle Fourche

Tennessee:

Tennessee Wool Growers Association, Clarksville

Texas:

American Rambouillet Sheep Breeders Association, San Angelo
 Texas Sheep & Goat Raisers Association, San Angelo

Utah:

Utah Wool Growers Association, Salt Lake City
 Utah Wool Marketing Association, Salt Lake City

Vermont:

Vermont Sheep Breeders Association, Burlington

Virginia:

United Wool Growers Association, Harrisonburg
 Valley-Northern Virginia Sheep Breeders Association, Blacksburg

Washington:

Washington Wool Growers Association, Ellensburg

West Virginia:

American & Delaine-Merino Association, Wheeling
 West Virginia Purebred Sheep Breeders Association, Morgantown
 West Virginia Wool Marketing Association, Morgantown

Wisconsin:

Wisconsin Cooperative Wool Growers Association, Milwaukee
 Wisconsin Livestock Breeders Association, Madison

Wyoming:

Wyoming Wool Growers Association, McKinley
 Wyoming Wool Marketing Association, Cheyenne

As a sheep producer in Alabama I would like to state that the National Wool Act has helped in my sheep program, and I heartily endorse its extension.

DENNIS BRAGG, *Toney, Ala.*

The National Wool Act is absolutely essential to the small flock owner. With the present importation of lamb from other countries and consequent depression of lamb prices, we would really be stranded without the National Wool Act. It makes the difference between my staying in the sheep business and getting out.

P. LEWIS, *Dothan, Ala.*

The National Wool Act is important to wool growers in Alaska because it compensates them in part for the absence of income from the sale of mutton. Alaska is a large State with very meager transportation facilities. Due to the poor transportation setup in the Aleutian Islands where the bulk of Alaska's wool is grown, it is virtually impossible to market lamb in the population centers of the Rail Belt.

Therefore, we must depend almost entirely on the sale of our wool to keep going and the payments made to us under the National Wool Act make a substantial part of the income for Alaska wool growers.

ALASKA LIVESTOCK & TRADING CO.

We feel the incentive payment program must be extended until market prices are in line with operating costs, if ever. If not, growers will be compelled to liquidate, which makes less employment and less business for other industries.

SINNOTT & GIBSON,
Glendale and Show Low, Ariz.

The Northeast Arkansas Sheep Producers Association wishes to go on record with the statement that we feel it is necessary to the welfare of the sheep industry to extend the National Wool Act beyond March 31, 1962.

ROBERT L. HARRISON,
President, Springdale, Ark.

The western range sheep business is now in a critical "life or death" struggle. Renewal of the National Wool Act is of the utmost importance to the sheep industry of the country.

We are operating under an overburdensome handicap in trying to compete with countries having cheaper labor costs.

Immediate action is imperative to avoid further disaster within the industry.

SAM GIBSON, *Willows, Calif.*

The value of the National Wool Act is so important in my estimation that it means the difference between continuing in the sheep business and liquidating.

Since rising costs have reached such proportions, and since it seems almost impossible to get tariff protection, it is imperative that the National Wool Act be extended to save the domestic sheep industry.

JOHN G. INDART, *Fresno, Calif.*

The Wool Act has been of great help the past few years. It has made it possible, in fact, to stay in the sheep business. With the changes taking place, everything seems to indicate that it will not be possible to operate at a profit, or even stay in business without the extension of this act and all other help that may be offered this essential industry.

HERBERT H. SINGLEY, *Ukiah, Calif.*

The last 2 years have been rather hard for sheepmen because of the shortage of rain. With the high cost of operation, if a sheepman can't get a fair price for his wool, he hasn't much of a chance.

The National Wool Act has helped by bringing up the price of wool. I would like to see it continued.

W. M. HAYES, *Esparto, Calif.*

I believe that everyone in the United States will benefit in the long run by helping to keep our wool industry alive. I feel that it would be very unwise to let our industry die and buy our wool from our good neighbors even though it seems cheaper now than our cost of production. If they knew that our industry was dead, they surely wouldn't be beyond charging whatever price we would pay.

I can't see how we could expect to be a strong nation by becoming purchasers of all the wool we used.

Our sheep can help to lower the surplus of crops that we seem unable to trade off or sell by converting them into wool, of which we buy quite a lot.

I would like very much to see the National Wool Act extended, for without it, I believe our sheep industry will die a fast death, and I believe that, for reasons stated above, the benefits far outweigh any gain that might be obtained by discontinuing it.

DALE WILLIAMS, *Edwards, Colo.*

I want to see the National Wool Act extended beyond its present expiration date because this act is all that keeps the sheepmen in business.

FRED WALLACE, *Colbran, Colo.*

As one deeply interested in the development of the sheep industry in the United States, I am strongly in favor of the Wool Act and feel that it should be continued. The program as outlined, I feel, is essential to the sheep growers of Connecticut and New England.

ROY G. PARY, *Chester, Conn.*

With world conditions as they are, it behooves us to use every means at our command to encourage domestic production of sheep and wool. The National Wool Act is the most realistic and equitable farm products program.

CALVIN HOLLIS, JR., *Houston, Del.*

The National Wool Act is the Georgia sheep grower's only hope of survival in the sheep business.

CHAS. D. MURPHY,
President, Georgia Purebred Sheep Breeders Association,
Atlanta, Ga.

We in Georgia feel that the National Wool Act should be extended because it makes it possible for woolgrowers to receive more nearly a fair price for their product.

The promotion program which sheepmen are financing is also working out well. A recent lamb promotion campaign in Atlanta has resulted in an increased use of lamb. This is particularly true in public eating places.

DR. HARRY BROWN, *Mountain City, Ga.*

We produce a good quality of wool, which is important to the national economy, but because of American standards in wages, ocean freights and overland freights, prices are not sufficient to maintain this production year after year without the support payments. Without these payments, the price of wool would be ruinous.

RICHARD PENHALLOW, *Kamuela, Hawaii.*

There seems to be no question that the Wool Act has helped the sheep industry generally. Therefore, it is a logical conclusion that it should be renewed. For the sheep rancher who produces a readily marketable wool and is not remote from marketing centers, the act works very well indeed.

AYLMER F. ROBINSON, *Makaweli, Kauai, Hawaii.*

When I was released from the Armed Forces in 1945 I purchased an all-wool suit for \$48.50. Today it would cost over \$100. I also bought a tractor for \$927. Today a tractor costs \$2,800.

In 1947 or 1948 I received \$1.10 a pound for wool. Today on the open market, wool sells for 45 cents.

At present costs of operation and the price of lambs and wool, we will be out of business if the Wool Act isn't extended.

CARL R. CHRISTENSEN, *Sterling, Idaho.*

The self-employed farmer and livestock operator is at a disadvantage in having to sell his raw products for what he can get. The processors, wholesalers and retailers, being prudent businessmen, add up all their overhead expenses of every kind—including social security—to which they add on their markup for profit which includes a profit on taxes, and pass this on to the ultimate consumer who always pays the toll.

If the sheep operator is to survive under present conditions, with prevailing prices for his products and no, or ridiculous, preventive measures on importations of sheep and wool, together with live and frozen dressed lambs, it is very necessary that the National Wool Act be extended and expanded.

DAN J. CAVANAGH, *Twin Falls, Idaho.*

Under present conditions with a give-away lamb market, our only salvation is to have an extension of the National Wool Act.

T. B. BURTON, *Cambridge, Idaho.*

I believe the National Wool Act should be extended to encourage the sheep industry which is in serious trouble in this part of the country. Not only will an extension of the Wool Act help the sheep industry, which has no surplus, but will also alleviate surplus and buildup in other classes of livestock.

DONALD RAMSDALL, *Franklin Grove, Ill.*

We here in the State of Illinois have found that the National Wool Act has been of great benefit to the people in the feeding business and those having farm flocks. The incentive payments have enabled them to build up their flocks and expand their operations, as the figures will show. We sincerely hope the act will be extended. I am sure that my sentiments would be concurred in by practically all other producers in this State.

C. W. MONIER, *Montgomery, Ill.*

It seems to me that, beside the fact that a lot of us like to raise sheep for personal satisfaction as well as a means of making a living, the industry is very important to the well-being of our Nation, and in this time of low returns which some call—and I hope they are correct—and “interim” period, the assistance provided by the Wool Act should be continued by congressional action.

CARL H. DUNBAR, *Bushnell, Ill.*

I would like to have the National Wool Act extended because it has been effective in increasing wool production. This can be substantiated by the fact that wool production has increased even though, during most of this period, wool-growers were hard to put to make both ends meet. In the farm states, sheep raising and wool growing will gradually take over acreage now being used to produce surpluses and, in my opinion, can become a large factor in solving the so-called “farm problem.”

LOYAL C. KNOLLIN, *Kentland, Ind.*

I agree that the National Wool Act of 1954 has been the best program yet for the sheepman. It has put the support on a flexible basis according to quality of wool marketed, which is as it should be. We need more stress on quality produce in all phases of agriculture. The act provides an incentive for a producer to sell a quality product; also no stockpiles of wool are building up in CCC storehouses.

C. L. REEDY, *Rockville, Ind.*

I think the Wool Act has done more good than just subsidize the sheep producer financially. In this midwestern cornbelt and grain area, sheep breeding stock has increased. This calls for more of our surplus grain producing land to be put into hay and grasses for pasture and winter feed, thus maintaining fertility for possible future need as well as slowing down the overproduction of grain—our No. 1 agricultural headache.

We have lots of work to do yet—all America will prosper by it. Let us continue the Wool Act by all means.

LAWRENCE LOVE, *Eaton, Ind.*

The extension of the National Wool Act is very essential to me as a sheep producer. During this transition period in agriculture when we are competing with high-priced labor and rising costs, the continuation of this act seems to be the best known plan in keeping a solvent sheep industry.

OTIS BUDLONG, *Cedar Falls, Iowa.*

With spiraling inflation in this country, increased costs of production and higher taxes, the prevailing tariffs have become more and more inadequate to protect the domestic wool industry. And, even though the incentive payment program of the National Wool Act has not protected our industry from disastrous foreign competition, it helping the American producer in his struggle for survival. It has certainly been a tremendous help the past 2 or 3 years.

If the Wool Act is not extended, or tariffs increased substantially, the American wool producer will be unable to compete and survive on the world market.

MONTE MOORE, *Colby, Kans.*

In eastern Kansas where almost everyone who has sheep tries to follow the fall lambing program, we have found that the rising cost of operation will make it necessary for us to eliminate sheep from our farming operations unless the National Wool Act is extended.

FLOYD MCCAIN, *Meridian, Kans.*

The sheep business in this area is in a very critical stage. Due to low prices of spring lambs, many farmers have turned to cattle. We feel that continuation of the Wool Act is a "must" if we expect to maintain the farm flock. Expansion of grass agriculture calls for sheep as a part of a balanced economy.

H. C. BESUDEN, *Winchester, Ky.*

The incentive payment plan is an effort to give the sheep grower a price nearer parity than the market price of wool. Without this encouragement many flocks would be sold and not replaced.

If it is wise to have sheep on the American farm, the sheep grower must have a better price.

B. A. THOMAS, *Shelbyville, Ky.*

The sheep business is relatively small but is an important industry in the United States. Therefore, I think the National Wool Act needs to be extended to help the sheep industry grow and develop and to help us compete with foreign imports.

I hope that our appeal will be considered.

JOE CLEMONS, *Natchitoches, La.*

From my own experience as a sheep grower, I can say that I am in favor of the extension of the National Wool Act. It is indeed the salvation of the sheep industry. The increase in the production of sheep and wool over the past few years, I think definitely shows this to be true. The Maine Sheep Breeders Association, of which I am president, is also unanimously in favor of the extension.

HAROLD G. CLARK, *Augusta, Me.*

The National Wool Act has been of significant help to us in showing a profit on our sheep operation. The margin of profit on sheep tends to be slight at best, and as a percent of the profit, the Wool Act check is considerable. In my opinion it has been the biggest single factor in arresting the steady and serious decline in our national sheep population.

The sheep industry, I believe, is deserving of this help from our Government for a few more years, at least until research in production and marketing of sheep products can put the industry on a firm basis to meet competition and still supply a reasonable amount of lamb and wool for our consumption.

FRED H. PRICE, *Upperco, Md.*

The National Wool Act has undoubtedly been an important factor in the increase in wool and lamb production during the last few years. In view of the large percentage of our wool requirements which must still be imported, it certainly seems desirable that any program which encourages domestic production be continued.

M. G. ELLINGSWORTH, *Glenwood, Md.*

Massachusetts is a small segment of the sheep world, with many small flocks; nevertheless the interest is vital, active and deep in having the National Wool Act extended.

LUTHER BELDEN, *North Hatfield, Mass.*

We sincerely hope the Wool Act will not expire, but bring back the sheep and wool business to a position as one of the leading U.S. industries as it once was.

CHARLES DOODY, *Imlay City, Mich.*

Congress passed the Wool Act to encourage us to produce more and better wool. Production is the highest since 1946. It has increased much since the Wool Act of 1954 was passed.

There is much idle land in northeastern Minnesota that could just as well be used in raising sheep.

There should be a renewal of the National Wool Act.

DEAN E. BERGMAN, *Two Harbors, Minn.*

The value of the financial help which has come to sheepmen through the incentive payment provided in the Wool Act is so well known as to require no comment other than to say that a large portion of us would have discontinued sheep raising prior to now had there been no incentive payment. In my opinion, an extension of the National Wool Act beyond March 31, 1962, is a necessity for the American sheep producer if he is to survive as such.

EARL W. CUNNINGHAM, *Sleepy Eye, Minn.*

I am a producer whose gross returns from sheep and wool represent a large portion of farm income. I use the term "gross" advisedly, as with the present selling price of both products, my net return, return above production costs, is very slim.

The National Wool Act is of great value to me. It is one of two reasons that I am still in the sheep business. The other is that I have spent many years and many dollars improving and building up my flock, and I hate to dissolve it, hoping that sooner or later the sheep industry will catch up with other segments of the livestock business.

Should the National Wool Act expire, I would probably sell out my sheep, losing all the years and improvements that I have put into them, because profits would just be too slim.

C. S. WILBURN, *Artesia, Miss.*

The sheep industry has been taking a beating for the past several years due to imports and other causes, and the only bright spot in the picture as our breeders in this area see it is a continuance of the National Wool Act until the industry gets back on its feet.

ROGER G. DAVIS, *Natchez, Miss.*

The Wool Act has been a godsend to the sheepmen in this area, making it possible for them to ride out the storm and keep their heads above water. Without this or some equally protective measure, we cannot continue to raise sheep on our farms in the Midwest. The incentive payment makes the difference between profit and loss.

VIRGIL B. VANDIVER, *Leonard, Mo.*

I would like to see the National Wool Act extended beyond its present expiration date because I am afraid that if it isn't, it will mean the end of a lot of wool growers.

NEWMAN HALL, *Ridge, Mont.*

I think the renewal of the National Wool Act is of utmost importance to the sheepmen. We have a very low wool market today, and I think it will be even lower if the Wool Act is not renewed.

JACK HALVERSON, *Greycliff, Mont.*

I believe with the tight economic conditions the sheepmen are now facing, the extension of the National Wool Act is a "must" if most sheepmen are to survive. The extension of the National Wool Act is the first stepping stone in the right direction.

LEWIS HAMMERMEISTER, *Conrad, Mont.*

I feel the National Wool Act has been a lifesaver for the sheep industry in the United States. Since we do not have an adequate tariff to protect us from the extremely large foreign imports of wool products and lamb and mutton, I think this act is the best protection for our industry. I think if the act is extended, it will give us more time to build up the demand for our products.

JOHN SKINNER, *Herman, Nebr.*

In my opinion it is very important that the National Wool Act, which expires March 31, 1962, be extended.

If it were not for wool payments which we receive under this act, I am afraid we would see the immediate liquidation of western sheep flocks.

PAUL BLOOD, *Morrill, Nebr.*

I certainly hope the Wool Act is extended. I don't have many sheep in comparison to range sheepmen but, with present market prices, if it were not for the incentive payment, I would seriously consider selling my flock.

I have also talked with friends who have told me that if it were not for the Government payment they would quit sheep; others say the payment is their profit.

I am of the opinion that if the Wool Act is not extended our sheep numbers will not only go down, but we will lose more of our wool market.

LEMOYNE E. JOHNSON, *Lodgepole, Nebr.*

The National Wool Act must be extended. It is the only thing that is keeping the sheep business alive. Our lamb market is very low and does not begin to cover our expenses. About 50 percent of the sheepmen went out of business this past year and if the National Wool Act is not extended there will be another 50 percent go out.

RAYMOND P. BORDA, *Carson City, Nev.*

We feel that wool is essential to our national economy and that synthetic fibers like nylon do not have the warmth or porosity that virgin wool has. Here in our New England climate, I never wear anything but unfinished worsted suits in the winter.

I feel it is very important to our national economy to protect the wool industry.

WILLIAM H. COBURN, *Hampton Falls, N.H.*

In our area of the country where all costs, labor, hay, and grain are high, the National Wool Act payments are a great help in preserving and stimulating farm flock production. The margin of profit on sheep is so small there is little enough to encourage the industry. And yet we are in an area where the greatest percentage of lamb is consumed.

One of the best features of the act is the deduction for advertising. I can think of no better way to spend that money and to get everyone participating.

Mrs. JOHN C. PERRY, *White House Station, N.J.*

I think without the subsidy on our wool, it would be hard to make ends meet in the sheep industry, due to the low price of lambs, high feed and operating costs of all kinds, and especially the high prices of grazing lands on which we have to produce our lambs and wool.

IVAN CHESSEER, *Roswell, N. Mex.*

The National Wool Act has made it possible for small growers like me to stay in business.

ALBERT CLINE, *Mesilla Park, N. Mex.*

This is mainly dairy country. Sheep are run as farm flocks. The only thing that keeps these flocks on the farms instead of more dairy cattle is the National Wool Act.

Due to the importation of New Zealand lamb and the coinciding drop in the price of our lamb, some of the farm flocks were disposed of and dairy cows were put in their place. If the Wool Act is not continued, I am sure we will have an even greater dairy surplus.

STEWART R. CUTHBERT, *Hammond, N.Y.*

It would be unrealistic to deprive sheepmen of the benefits of the National Wool Act while their production costs are kept artificially high by a myriad of subsidies, price supports, and tax advantages to their suppliers.

Just as important is the program whereby growers support an effective promotion and sales effort conducted by the American Sheep Producers Council. By the will of the majority, sheepmen have wisely chosen to actively sell their products in our competitive economy.

MILTON COLE, *South Wales, N.Y.*

We would like to see the National Wool Act extended for the following reasons:

The incentive price on wool has helped to keep the returns up to the point where the average farm flock can show a profit. Without the payment many farm flocks would have been sold.

The incentive payment on lambs has been the margin of profit on them for the past 2 years, and is the best hope for keeping many of our lamb producers in the business.

Since our State is mainly a farm flock area, we hope that Congress will extend the National Wool Act to help us continue to expand our sheep flocks.

H. D. QUESENBERY, *Raleigh, N.C.*

Without protection of the National Wool Act, it would be impractical for me to remain in the wool and lamb business. I feel that for the good of sheepmen and our Nation this Act should be extended; also that the tariff on sheep imports should be adjusted to at least balance foreign cost with our production cost.

FRED N. COLVARD, *Jefferson, N.C.*

To end the National Wool Act would write the death sentence of the industry. It has given the producer of lamb and wool the first well-knit organization to promote and further the sale of his products. If the industry is to survive in the face of declining markets, increasing costs of production, and competition of offshore products, we must maintain a developing promotion campaign and increasing aggressiveness in placing our products before the consumer.

A. B. MOYER, *Fargo, N. Dak.*

With the importing of thousands of Australian lambs causing a depressed lamb market and a failure to reenact the National Wool Act, we who maintain farm flocks of sheep in this area would have to go out of the sheep business. I think that is true of every sheep grower in North Dakota and Minnesota.

This, in my opinion, would be a national calamity and I sincerely urge the reenactment of the National Wool Act.

K. A. FITCH, *Fargo, N. Dak.*

Wool payments have been more or less keeping the sheep industry in business. However, if the pressure of imports continues, sheep and lamb people will turn to other types of livestock with brighter profit potential.

ROBERT REIMERS, *Melville, N. Dak.*

We sheep producers in Ohio plan to work toward the extension of the National Wool Act through our Ohio Sheep Improvement Association.

FARRELL SHULTZ, *Degraff, Ohio*

The National Wool Act enables wool to move directly into consumption at the best market price obtainable rather than into a Government stockpile or a Government-controlled, tax-supported program. This legislation is already encouraging an increase in domestic wool production.

I am definitely in favor of extending the Wool Act as I feel it is the most workable plan for the sheep industry.

WILBUR WILLIAMS, *Wilmington, Ohio*

I feel that the National Wool Act has been the salvation of the sheep industry. It is through advertising that most all products are sold, and I have heard more about the consumption of lamb and wool in the last few years than ever before.

CAROL WOOD, *Union, Okla.*

Sheep are our only livestock; we depend on them for survival in the farming business.

Lamb prices are extremely low at present, and if it were not for the assistance provided by the National Wool Act, we and our customers would find it more difficult to continue.

KENNETH PETTERSON, *Crescent, Okla.*

I would like to see the National Wool Act extended beyond its proposed expiration date because I feel that in many cases it might just be the difference between a sheepman being able to stay in business as such, or being forced to look for a better means of support off the ranch.

PAUL V. HANSEN, *Oakland, Oreg.*

If the National Wool Act is not extended after March 31, 1962, and the prices on lambs and wool do not improve, there won't be many wool growers who can continue to operate.

PERRY N. JOHNSTON, *Wallowa, Oreg.*

Speaking as a range sheepman, I feel that without the incentive payments it would be impossible to operate. Since the imports of lamb and mutton have increased, our price has dropped to lower than the thirties in a cost-production comparison

ROBERT HOSKINS, *Ione, Oreg.*

The value of the National Wool Act can be summed up in a few words. It has halted liquidation of flocks of sheep in Pennsylvania and production is on the increase.

I believe that the incentive payment program should be continued. Feed, labor, land, equipment, marketing, and transportation costs are too high for the sheep breeder. Furthermore, competition from low-cost areas of the world has held down the American producer's income.

The National Wool Act is undoubtedly the salvation of the sheep industry in this country.

W. A. THOMPSON, *Waynesboro, Pa.*

Interest in sheep has picked up considerably here since the enactment of the National Wool Act. If this act is not renewed, I feel we will drift backward. In fact, due to lower prices for lamb and wool and a steady increase in costs of production, many farmers who now have a small farm flock will get rid of their sheep.

Turning our crops and pastures into a production which is not in surplus supply would go a long way toward solving our national farm crop surpluses.

NEWTON E. BEABES, *Hooverville, Pa.*

In my opinion the National Wool Act appears as the only solution foreseeable for the sheep industry. As long as all other commodities have subsidies, there should be no reason for abandoning supports for our industry.

BARCLAY DOUGLAS, *Newport, R.I.*

The Wool Act will have to be continued if we are to stay in the sheep business. With these dry years which we are having, hay and grain prices are going to keep rising and will soon be out of line with sheep prices. Where we have to feed during such long winters, we just can't come out if we don't have something to look for besides the market price for wool and lambs.

I think that most ranchers will agree with me, especially in this locality where moisture has been so scarce for several years, that if it was not for the wool and lamb subsidy, running sheep would be an awfully poor business.

M. E. WEBER, *Union Center, S. Dak.*

A mere 2-year look ahead is not enough time to plan a livestock operation. The incentive payment is always considered in this plan, for without it, at the present prices being paid for lamb and wool, we would not have an industry.

W. H. WARREN, *Fairpoint, S. Dak.*

I would like to see the Wool Act extended mainly because it has been a big lift for the sheepmen the last few years. With the low prices being paid for lamb and wool, the profit has been pretty small the past 2 years and if it had not been for the incentive payment, I don't know how we could have managed.

WILLIAM AND DONALD WEISS, *Maurine, S. Dak.*

I believe we would lose all we have gained if the Wool Act is not extended. It has been a big battle to keep this fine program. If it had not been for this act, I believe the sheepmen would be through.

I am 100 percent for extending the Wool Act. If anything can be added to make it better, I am also for it.

JOHN YOUNGBERG, *Newell, S. Dak.*

I want to see the National Wool Act extended so that I may be able to stay in the sheep business and compete with foreign imports.

RALPH L. BAHN, *Spearfish, S. Dak.*

I strongly support the extension of the National Wool Act.

Land in grass for sheep pasture does two things: (a) prevents erosion, and (b) insures fewer acres in surplus crops.

The United States does not produce sufficient wool for our needs and, without the National Wool Act, the sheep industry will decline until we are entirely dependent on the imported product.

The lamb market is out of line pricewise with pork and beef. Therefore, there is no stimulus from the lamb market to induce producers to continue with sheep and without the support price for wool, producers will go out of business. That is particularly true in Tennessee.

P. A. MERIWEATHER, *Clarksville, Tenn.*

In my area, sheep numbers are made up of small farm flocks. I think the Wool Act has had a definite psychological effect in maintaining present numbers. Wool is vital to our national security and if the Wool Act can help maintain and increase sheep numbers to the desired level, it is a worthwhile program that should be extended.

THOMAS MONTGOMERY, *Lewisburg, Tenn.*

I do think the National Wool Act is good and should be continued. I also believe we should have a higher tariff on wool and lambs coming into the country.

WINSTON W. WESTBROOK, *San Angelo, Tex.*

I consider extension of the National Wool Act the most important business facing the sheepmen of this country. Without protection from foreign wool imports, American woolgrowers would be forced to raise cattle or mutton type sheep. With an oversupply of meat and declining livestock prices today, such a change would be painful to the whole agricultural economy.

Moreover, this country would be the biggest loser by depending on wool supplies from across the ocean, which in time of war would be disastrous.

ALPHEUS W. HARRAL, *Ft. Stockton, Tex.*

On account of the low prices we are receiving for our lambs and wool, the National Wool Act has been a godsend to the sheepmen. If it isn't continued beyond 1962, there will be some sheepmen who will have to go out of business.

FRANCIS FRAZIER, *Woodruff, Utah.*

I think the sheepmen must have some help if they are to stay in the business. Without the Wool Act or a good tariff, we would all go out of the sheep business.

JOHN S. DALTON, *Parowan, Utah.*

I believe that the National Wool Act should be extended as it is the best possible program for wool. Without this help it would be hard for us to continue with sheep raising, and I am certain that most of the sheep people in this area feel the same about it.

EDWIN STURGES, *Charlotte, Vt.*

The National Wool Act has been the salvation of the sheep people in Virginia.

Considering the high interest rate, the 12-month turnover, synthetic competition, and the low price of lamb and wool, in my opinion, we need help very badly. The Wool Act is that help.

CLYDE KOONTZ, *Elkton, Va.*

The production of lambs and wool provides a very essential source of income to a number of farmers. This is particularly true in my area where our farming programs are based to a large extent, on a grass-and-grazing type of operation. The additional income derived from the National Wool Act has provided the incentive for a continuation of sheep programs on many farms, not only in this State but in the farm flock States.

If the National Wool Act is not renewed, I believe that this will be the straw that breaks the camel's back of an industry and that is already hard pressed by rising production costs and outside competition.

S. F. MCCLURE, JR., *Spottswood, Va.*

If it were not for the Wool Act, a lot of people would be out of business. Our operating expenses are too high to compete with foreign products.

SIMON MARTINEZ, *Sunnyside, Wash.*

The National Wool Act should definitely be renewed to help offset the high operating expenses. It is, in my opinion, a step in the right direction to help the U.S. sheepmen, but that will not be enough if the imports of lamb, mutton, and wool are not slowed down from the rapid rate of increases in the past few years.

CARROLL MEEKER, *Outlook, Wash.*

The membership of the West Virginia Wool Marketing Association at its annual meeting voted to urge our congressional delegation to support the extension of the National Wool Act. This program has assisted sheep producers in maintaining their flocks and helped them in meeting high labor costs. The program we feel has made it possible for many producers to stay in business that would otherwise have had to quit.

F. L. MILES, *Morgantown, W. Va.*

The National Wool Act has been a lifesaver for the sheep industry in West Virginia. Ours is a hilly State and there is great need for more sheep on our small farms. We only have small flocks and prices of lambs have not been encouraging enough to continue in the sheep business.

If the National Wool Act could be continued after March 1962, it would give a boost to the sheep industry and help our State economically.

LEWIS C. SWISHER,
Lost Creek, W. Va.

The National Wool Act has been of great benefit to our sheepmen. The majority of Wisconsin sheep are in small farm flocks and if we are to maintain our present numbers or increase, we must have a fair price for our wool. Farmers in my State would soon reduce their flocks if this act is not continued.

WALTER L. MORRISSEY,
Bloomington, Wis.

I think that the National Wool act is a "must." It is the one thing that keeps most of the Wisconsin sheep producers raising sheep.

MARTIN J. JOHNSON, *Cornell, Wis.*

We are already subsidizing foreign countries to compete against us through our huge foreign aid program, so the old axiom that "charity begins at home" should certainly apply in this issue.

It is my opinion that the National Wool Act is strictly a stopgap measure of protection, which we must have in order to save the sheep industry of the United States, until the powers can be awakened to the fact that we either lower the standard of living in this country to coincide with that of the rest of the world, or protect ourselves against the low-cost products of those countries. This squeeze is now being felt not only in our own wool and lamb industry, but also in many other types of manufactured goods, namely, steel products.

E. J. WERNER, *Douglas, Wyo.*

I am very much in favor of the National Wool Act and would like to see it extended.

N. F. LARSON, *Lusk, Wyo.*

At the present time there is only one reason that we have any appreciable amount of wool production in the United States—the National Wool Act. Otherwise the sheep business would be almost nothing.

HALL WOOSLEY,
W. Diamond Ranch, Ten Sleep, Wyo.

The sheep industry in the United States is vital to our survival in case of another world conflict and we need the Wool Act extended as well as making it more beneficial to the producer.

It will be a great day for the United States when a lot of imports are stopped. I realize foreign countries need a market, but it is unfair to import a lot of food and fiber when we aren't making expenses producing them in the United States.

MARVIN WEST, *Riverton, Wyo.*

Wool prices are not high enough to compare with grain, hay, repairs, and the cost of living.

If it were not for the incentive payment, I don't see how I would operate.

BRUCE WEST, *Rockypoint, Wyo.*

Mr. METCALFE. Also in this brochure are letters received from wool growers throughout the Nation expressing their opinions with regard to the extension of the National Wool Act. I would also appreciate having these letters inserted in the record.

Also appearing with me here this week are: Mr. Jim Brown, president of the National Lamb Feeders Association; Mr. Don Clyde, president of the American Sheep Producers Council, which is the organization supported by funds contributed by all growers of wool, and which is doing such an excellent job of promoting our products; Mr. Charles Schreiner, president, Texas Sheep & Goat Raisers Association, San Angelo, Tex.; Mr. W. E. Overton, president, New Mexico Wool Growers Association, Albuquerque, N. Mex.; Mr. Everett E. Shuey, secretary, Montana Wool Growers Association; Mr. Edwin E. Marsh, executive secretary, National Wool Growers Association, Salt Lake City, Utah; Mr. Edwin Wilkinson, president, National Association of Wool Manufacturers, New York City; and Mr. Richard I. Goodrich, president, Boston Wool Trade Association.

When the Congress, in its wisdom, passed the National Wool Act in 1954, we growers were told on the very highest authority that it would serve in place of an increase in the wool tariff but not in lieu of the existing tariff. I am sure you all are familiar with the fact that incentive payments to growers under the act are limited to an amount

equivalent to 70 percent of the tariff duties on wool and wool manufactures.

We are very pleased to appear here today supporting a permanent extension of the act, and to be able to tell you that, in our opinion, it has been the salvation of the wool industry in this country, and that had it not been for its operation, our industry would have been in a most serious plight—possibly even nonexistent. You see, the incentive payments made to sheep growers have just about meant the difference between losing our shirts and breaking even.

When the Congress enacted this legislation in 1954, you correctly and wisely declared it to be the national policy that continuation of a healthy domestic wool industry was essential both to the national security and to the economic welfare of this country.

We heartily concur in this position, and have done our best to see that this mandate has been carried out. We wholeheartedly believe that the program has actually worked successfully, and, if continued, will eventually make us independent of outside supplies for this product in case of a national emergency.

It is absolutely necessary that the Congress extend the National Wool Act in the present session, if the Secretary of Agriculture is to comply with the terms of the act and announce the incentive level in advance of the next marketing year. This announcement, which the Secretary makes in the late summer, after consulting with producer representatives, enables growers to shape up their breeding flocks for the next marketing year.

Also, when growers go to their financing institutions this summer to obtain necessary loans to buy breeding stock for next year's breeding, their bankers will need assurance that the act is going to be continued, so that they can determine the growers' financial position when loans are to be repaid in 1962 and subsequently.

In spite of the most widespread and continued drouth in history of the ranching area, starting about the time the Wool Act was passed and continuing for some years, thereby causing depletion of a great many flocks, and in spite of increasing costs of all our supplies and the labor to operate our farms and ranches, we have increased our annual shorn wool production from 234 million pounds just prior to the inception of the Wool Act to 265 million pounds in 1960.

I am sure you realize that the growing of sheep and wool is a business that can neither be initiated very rapidly, nor can it operate on a day-to-day basis. It is a long-time operation. That is one reason why it is so important for the Congress to pass an extension of the act at the earliest possible date, and put it on a permanent basis.

I would like to digress, to make a personal reference. Each fall for a good number of years it has been my privilege to spend about a week or 2 weeks in western Wyoming visiting a friend of mine, Mr. Hay, who operates a wool ranch. He runs the sheep part of the time in the forest, part of the time on privately owned land, part of the time on leased land, and part of the time in the desert.

The first time I went up to visit Mr. Hay he said, "I want to take you over to the Red Desert." I was not at all enthusiastic about going over there because I didn't want to get out in the desert. I didn't know what he had there and I didn't know when I would get back. But nevertheless, I said, "Well, sure, I will go."

We drove about 40 miles from his headquarters to the edge of what he called the Red Desert. It is country part of which passes the trans-continental highway and the railroad and over which fly the airlines. It is country that does not look like much.

When we got out into the country I was amazed to find that there are various types of vegetation. It is country that would not support a cow on a hundred sections but nevertheless we got out to a well which he had drilled about 950 feet deep. And we started the pump. He was getting ready to bring his band of sheep out of the mountains, and filled up the water tanks.

Incidentally, I had learned by that time to carry my lunch when I left home with him; I didn't know whether I would get back by night or morning.

We sat down on the pipe that came out of the well to eat our lunch. I didn't sit but a few minutes because the pipe was ice cold that came from deep down under the desert. But it pumped out and he told me "The closest road in any direction is 40 miles from here." Yet, on that there was enough vegetation adapted to desert conditions that it would support for several months of the year several bands of sheep. And those sheep were making use of that vegetation to produce food and fiber for the American people without the sacrifice of any other thing that would have been good for anything else.

It struck me very favorably. We in Texas do not admit that our sheep grow on desert country—the chairman and I know that they do grow on some pretty sorry country. This was vegetation that would not otherwise be good to anyone. This part of the country was not useful for hunting or recreation. Just great flat areas.

They do take advantage of things of that sort and grow for your people and the consuming public food and fiber at a reasonable price.

We also feel, inasmuch as the Wool Act has now proven itself as sensible and economical legislation, that it should now be adopted as a permanent program at this session. It is quite pleasant to come before such a committee as this with such a united front as now exists throughout the entire wool industry—from grower through raw material buyer, processor, manufacturer, to the distributor of the finished product, to endorse its continuation as one which is doing a good job and will continue to do so and thus furnish the American people with an essential and desirable product that is available to the consuming public at a reasonable price.

May I again stress that early favorable action by the Congress to extend the act—permanently—will do more than anything else to stabilize our industry and encourage our growers to meet the challenge of expanded production in spite of serious competition.

We hope you will again place your stamp of approval on legislation that means so much to one of the oldest and most essential phases of agriculture, just as soon as you possibly can.

Mr. POAGE. We are very much obliged to you for your statement. Are there questions?

Mr. SHORT. I would like to ask Mr. Metcalfe a question. How important is it to the industry that this Wool Act be extended within the next couple of months as compared to the next 6 months or the next year?

Mr. METCALFE. Mr. Short, it simply means this: As you know, our operation extends over a long period of time. We have to operate in large areas of the country. That is one reason we have to arrange our financing well in advance. I think all phases of agriculture operate more or less on a credit basis. It is essential that we know as soon as possible. Also, it is essential that the incentive level be fixed by the Secretary of Agriculture which is applicable to the coming marketing year. That is absolutely essential.

Might I make a little reference to your North Dakota country. We appreciate your help. We Texans are sort of a little peeved with you for taking so many of our good ranchers and moving them up there. We feel that you have stolen some of our ranchers.

Mr. SHORT. Mr. Metcalfe, since you bring that up, I might say that I have lived all of my life at the north end of the Texas trail. I have not been one that resented the invasion of the Texans to North Dakota. We have been real glad to have them.

Mr. METCALFE. You must have made it pretty good for them or they would not have stayed.

Mr. SHORT. Thank you.

Mr. METCALFE. Thank you very much.

Mr. POAGE. We thank you very much, Mr. Metcalfe.

Mr. METCALFE. Might I address one remark to Mr. Jennings. I heard your statement about that Virginia lamb and that you wanted to label it as a quality Virginia product. If your Virginia lamb is as superior to the Texas lamb as your Virginia ham is to Texas ham, we from Texas would be violently opposed to that legislation because we know we would lose our lamb market.

Mr. JENNINGS. I am sure that you would. [Laughter.]

Mr. POAGE. That is the last witness to appear this morning.

Mr. Patton told me that the Farmers' Union asked permission to file a statement. I do not think they will have anyone here to speak. They are already on the record in favor of the bill.

Is there anyone else here who wants to be heard tomorrow?

Mr. W. E. OVERTON. W. E. Overton of New Mexico.

Mr. POAGE. All right. Is there anyone else who wants to be heard tomorrow? If not, that will be our list unless somebody asks to be put on later on. I do not mean to say that we will close the list, we will try to complete the hearing tomorrow morning.

Mr. QUIE. Mr. Chairman, the general manager of the Minnesota Wool Growers Association, Mr. Carl J. Nadasdy, has sent me a telegram concerning that organization's position on the permanent extension of the National Wool Act. Because I believe the members of this subcommittee would be interested in the contents of this telegram, I wish to read it into the record of these hearings. I quote:

House hearings for wool legislation will start Wednesday, April 19. The 20,672 wool producers of Minnesota will be very grateful for your support for the permanent extension of the National Wool Act as outlined in the brochure sent you recently by the National Wool Growers Association with whom we are affiliated. We would also appreciate your having this wire included in the hearing record.

That is the substance of the telegram.

Mr. POAGE. We will now recess until 10 o'clock tomorrow morning.

(Whereupon, at 12 noon an adjournment was taken until 10 a.m., Thursday, April 20, 1961.)

EXTENSION OF THE WOOL ACT OF 1954, AS AMENDED

THURSDAY, APRIL 20, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON LIVESTOCK AND FEED GRAINS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 1310, New House Office Building, the Honorable W. R. Poage (chairman of the subcommittee) presiding.

Present: Representatives Poage (presiding), Jones of Missouri, Jennings, Matthews, Coad, Breeding, Harding, Short, Mrs. May, and Harvey.

Also present: Representatives Hagen, Beermann, and Fisher of Texas.

Hyde H. Murray, assistant clerk.

Mr. POAGE. The subcommittee will please come to order.

We are meeting this morning for further hearings on the extension of the Wool Act.

We have a number of telegrams and statements which we have been requested to place in the record.

One is a letter addressed to me containing a telegram addressed to Representative Nelsen, a telegram addressed to Representative Langen, a letter from Representative Baldwin addressed to Chairman Cooley, another letter from Representative Jensen addressed to Chairman Cooley, which contains a telegram he received, another telegram received by Representative Norblad, and a telegram received by Senator Capehart.

These will be made a part of the record at this point.

(The communications follow:)

CORVALIS, OREG., *April 18, 1961.*

Representative NORBLAD,
House of Representatives, Washington, D.C.

Request you include in the hearing record of the permanent extension of the National Wool Act the endorsement of American Romney Sheep Breeders Association.

ALTON THOMPSON, *President.*

LAFAYETTE, IND., *April 18, 1961.*

Hon. HOMER CAPEHART,
Senate Office Building, Washington, D.C.

In regards to hearing on national wool bill scheduled for hearing April 19 and 20, the American Shropshire Sheep Association urges you to use your best efforts to include in hearing record, our organization's endorsement for permanent extension of National Wool Act.

Mrs. JESSIE F. RITENOUR,
Secretary, American Shropshire Registry Association.

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 19, 1961.

Hon. W. R. POAGE,
*Chairman, Subcommittee on Livestock and Feed Grains, House Committee on
Agriculture, Washington, D.C.*

DEAR COLLEAGUE: I am enclosing a copy of a telegram which I received from Mr. Carl J. Nadasdy, general manager of the Minnesota Wool Growers Association, representing 20,672 wool producers in Minnesota.

Woolgrowers in Minnesota are vitally interested in permanent extension of the National Wool Act and I join them in their support for such a permanent extension.

I would appreciate your making Mr. Nadasdy's telegram¹ a part of your hearings record on H.R. 3680 and other proposals relating to the extension of the National Wool Act.

My kindest personal regards.

Sincerely yours,

ANCHER NELSEN, *Member of Congress.*

MIDDLE RIVER, MINN., April 17, 1961.

Congressman ODIN C. LANGEN,
House of Representatives, Washington, D.C.:

I wish to inform you the Minnesota Sheep Producers Association are vitally concerned in passage of the Wool Act extension, especially with the assumed higher production cost due to the feed grains bill, therefore ask for your representation in our behalf during the coming hearings April 19 and 20.

NORMAN L. ANDERSON.

HOUSE OF REPRESENTATIVES,
Washington, D.C., April 18, 1961.

Hon. HAROLD D. COOLEY,
*Chairman, Committee on Agriculture,
House of Representatives,
Washington, D.C.*

DEAR MR. COOLEY: I have received the enclosed telegram dated April 17, from the California Wool Growers Association, in favor of H.R. 3680, upon which your committee will hold hearings on April 19 and 20.²

Many of my constituents are in favor of H.R. 3680 and I would like to urge that your committee act to approve this measure and bring it before the House of Representatives as soon as possible.

Will you be kind enough to include this letter and the attached telegram in the printed hearings on H.R. 3680.

Sincerely yours,

JOHN F. BALDWIN, *Member of Congress.*

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 18, 1961.

Hon. HAROLD D. COOLEY,
*Committee on Agriculture,
House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: I have today received the following telegram from the Iowa Sheep and Wool Growers Association:

"Congressman BEN JENSEN,
Washington, D.C.:

"House hearings for wool legislation will start Wednesday. The 33,784 wool producers of Iowa will be very grateful for your support for permanent ex-

¹ Telegram from Carl J. Nadasdy appears on p. 73.

² The telegram from California Wool Growers Association appears on p. 2.

tension of National Wool Act as outlined in brochure sent you recently by National Wool Growers Association, with whom we are affiliated.

“(Signed) CARL J. NADASDY,
“General Manager, Iowa Sheep and Wool Growers Association.””

I am notifying Mr. Nadasdy that I wholeheartedly support a permanent extension of the National Wool Act.

Respectfully yours,

BEN F. JENSEN.

(Telegrams, identical to the following, were received by Representatives Odin Langen, Ancher Nelsen, and Fred Marshall:)

MINNEAPOLIS, MINN., April 17, 1961.

House hearings for wool legislation will start Wednesday; 20,672 wool producers of Minnesota will be very grateful for your support for permanent extension of National Wool Act as outlined in the brochure sent you recently by National Wool Growers Association with whom we are affiliated. We would also appreciate your having this wire included in the hearing record.

MINNESOTA WOOL GROWERS ASSOCIATION,
 CARL P. NADASDY, *General Manager.*

Mr. POAGE. We have this morning Mr. Overton, who must catch a plane, and also Mr. Rozzoni, who is listed first. Do you object to Mr. Overton testifying first?

Mr. ROZZONI. Go ahead. No; I do not.

Mr. POAGE. All right. We will be glad to hear from you now, Mr. Overton.

STATEMENT OF W. E. OVERTON, PRESIDENT, NEW MEXICO WOOL GROWERS ASSOCIATION

Mr. OVERTON. I appreciate the opportunity of appearing early.

I am W. E. Overton, president of the New Mexico Wool Growers, appearing on behalf of that association this morning.

I would like to say at the outset that we endorse the statement made yesterday by Mr. Metcalfe, who is president of the National Wool Growers. To go into that again would be repetitious.

However, the importance of the extension of the Wool Act prompts me to emphasize a few of the things that have already been mentioned.

There are three points that I would like to mention this morning. And they are, first, the importance of the permanent extension of the Wool Act. Another important feature in New Mexico is that many of our areas are suitable only to the raising of sheep. And another one is the importance of the sheep business to New Mexico.

The first one I would like to dwell on for just a short time, the importance of the permanent extension to the woolgrowers. The nature of the sheep business is such that it takes many years of intensive and selective breeding to produce a type a type of wool that is competitive on today's market. In New Mexico—I know of many ranchers there—ranch families that have been improving their sheep for several generations. It takes many years to improve wool to the point that we have reached at present.

To say that fibers are competitive is probably the understatement of the year. We really have to keep a progressive program going in our breeding herds to keep abreast with today's competition.

Incidentally, that is what makes the importance of the permanent extension so vital to our industry. It takes many years, as pointed out, to improve these herds and keep them improving. So we need stability in our industry.

If a person is going to put money into breeding sheep that would make this improvement possible, he has to know that he is in an industry that is not about to be eliminated by economic depression.

Another thing that I would like to emphasize from the standpoint of New Mexico sheep ranchers is that we have many areas there that are only suitable to raising sheep. I would like to expand on that just a moment if I might.

In New Mexico there are semiarid desert areas and the vegetation on this semiarid area is only suitable for sheep; cattle do not do very good on this area. There is a lack of water. If the sheepman is forced out, there will be a tremendous area that will be lost. Principally because of the type of vegetation, it is not suitable for any other type of livestock.

Then there is another factor that is involved here. It takes a lot of specialized equipment to run sheep. For instance, in our area, we shear early when it is still cold, so we have to have sheep coats to put on these sheep after we shear them. That involves quite a bit of capital outlay to dress these sheep up every spring, you might say. So if a man is forced out, we would lose that investment.

Then we have our scouring plants. That is very specialized. And he would lose that investment if he is forced out. It makes it nice to run cattle under woven wire, but it is not necessary. We have to fence it. These are very important things.

In New Mexico there are 31 counties with sheep in every county. It runs from major importance down to secondary, but it is certainly very important in our economy.

Those are a few of the things that I would like to emphasize.

I would like to say to the members of the committee I am very impressed by the understanding this committee has of our problem. I think we are in good hands. You people know our problems real well. I think that we are in good hands, I repeat, and by all working together we will pull out of this problem. We have been in trouble before, but we pulled out of it, and I think we will do it again.

Thank you very much.

Mr. POAGE. Thank you, Mr. Overton. I confess there are some matters that I do not understand about this right now. You spoke of woven wire. I know that is true in Mr. Metcalf's area, and Mr. Fisher's area. Your land is primarily all Government land, is it not?

Mr. OVERTON. It is about half and half. We have quite a lot of privately owned land. I think there are 10 million acres.

Mr. POAGE. Most of it is in Government land.

Mr. OVERTON. That is right.

Mr. POAGE. The total acreage of the entire State is not fenced, is it?

Mr. OVERTON. Yes, sir.

Mr. POAGE. It is?

Mr. OVERTON. Yes, we fenced that. It is grazing land.

Mr. POAGE. You have cured the situation that I was told existed down there, around Carlsbad.

Mr. OVERTON. Yes.

Mr. POAGE. I have been told that those flats were all once pretty good grass and the sheepmen have been blamed for removing the grass from those flats. Is that right?

Mr. OVERTON. I think cattlemen have blamed sheepmen for doing that, but we have never agreed on that, sir.

Mr. POAGE. Well, you do have a situation now where the land is not suffering from the overgrazing that went on in the past, is that not true?

Mr. OVERTON. That is true. Those lands have been allotted and it is a water base country; you are allotted your allotment on the water base and you can fence that; and by so doing the overgrazing of which you speak has been eliminated. We are taking mighty good care of our country now.

Mr. POAGE. With regard to the bills, I wanted to be sure whether you feel the best opportunity to save the sheep industry is simply through the tariff; do you feel that?

Mr. OVERTON. Well, sir, I think that is a question that would take a lot of discussion.

Mr. POAGE. Let me ask you this: Can you meet this competition from synthetic fibers with a tariff? You could raise the price of wool to anything you wanted. With the tariff, of course, you can make wool sell for \$2 a pound, for a short time.

Mr. OVERTON. That is right.

Mr. POAGE. If you will put an embargo on it. But what will it bring 10 years from now?

Mr. OVERTON. I think that is a very important point. We cannot price ourselves out of the market. We have to stay competitive. I agree with you, sir, that we have to take a competitive position.

Mr. POAGE. The only thing that is enabling you to do that now is the incentive payment.

Mr. OVERTON. That is a big area and I would not want to get into that; it would be getting into an area I do not know too much about.

Mr. POAGE. Do you suggest anything other than a direct payment program for wool?

Mr. OVERTON. Well, sir, I just would not want to answer that question. I had not thought of that. If I made a statement on that it would not be thought out. I am in favor of the permanent extension of the Wool Act.

Mr. POAGE. Because you agree that this direct payment program is working?

Mr. OVERTON. Yes, sir.

Mr. POAGE. And it is enabling you to meet competition of synthetics as well as foreign wool?

Mr. OVERTON. I will say this, Representative Poage, that in my estimation this is the best wool program we have had.

Mr. POAGE. That is what I am getting at. This enables you to meet the domestic synthetic as well as foreign competition?

Mr. OVERTON. Yes.

Mr. POAGE. I think you have some synthetic competition.

Mr. OVERTON. We sure have. And we cannot price ourselves out of the market like so many of the products here in the United States have done.

Mr. POAGE. Many people want everybody else to sell low but they want an advantage and do not want anybody else to have the same advantage; they do not want that to happen.

Mr. OVERTON. That is right.

Mr. POAGE. I hope that you do not go along with that group that simply wants this program for wool and wants to deny it to everybody else.

Mr. OVERTON. I think that the wool program is a little bit different than some of the other direct-payment programs in that it is derived from the tariff on imported wool.

Mr. POAGE. What difference does that make, Mr. Overton—that money is in the Treasury—whether we take out the dollar that came in from France or the dollar that came in from England? That is just that much more out of the Treasury—substantially an amount less in the Treasury after we pay it out, regardless of where the dollar came from; is that not true?

Mr. OVERTON. I think, yes, sir, that is true. I think it is important that the wool industry, whether imports or domestic, is more or less supporting itself, do you not think so?

Mr. POAGE. I think we ought to make the industry support itself as much as possible, with as small cost to the Government as possible without hurting the industry. And I think as long as we can use a tariff to some advantage, I think it may be a good thing to use it in the wool industry. I doubt that you can run it any higher without destroying your market, in a much larger way that we are now. I do not think you can run the price of wool up even to 62 cents a pound simply with the tariff. I do not think you can live with it because I think that Mr. du Pont will sell more fabrics than Mr. Overton will sell wool, because wool would not be competitive. So I think we ought to do whatever we can on importation, but that is money in the Public Treasury. The thing is it does not make any difference whether it comes from income tax from you or from a tariff. If I pour water out of that pitcher, it does not make much difference when I pour it out which source it comes from. The pitcher goes down by the same amount I pour in the glass. And credit comes down by the same amount.

I think we should make it as pretty as we can for the rural people. I am in favor of putting fancy dresses on it with the little frills and all of that. That is what we are doing. We should not try to kid ourselves that we did this without cost to the taxpayers. It costs the taxpayer the same as it would to support the price of cotton.

The only point I want to make clear is this: I live in the cotton country. There are many people in this room who are perfectly willing to say, "We want direct payments for our product, but not on yours."

We have to meet exactly the same thing you have to meet through the same companies in most cases. And to say, "Well now, it is all wrong for you to do that, we just do not want you to do anything like this. This is a pretty good thing. We just want it for ourselves." All I am asking is just to spread it around.

Mr. OVERTON. Yes, sir.

Mr. SHORT. There is a little difference in the source of this income. We are dealing in this particular instance with the source of the income being the import duties on imported products that our taxpayers do not pay. And if you are going to project this incentive payment to all of the other commodities in the United States, we are going to be raising that money from our taxpayers.

Mr. POAGE. I am sorry. That is exactly the point I was discussing with Mr. Overton. It does not make a bit of difference in the world to the taxpayer in New York State whether the money you draw out of the Treasury came from the payment of a tariff levy against Australian wool or whether that money that you draw out of the Treasury came from drawing out of the Treasury money that was paid in on income tax. The amount of the money in the Treasury is reduced by that amount. And you have to raise the income tax by that amount to make up the difference. The public pays the bills just the same. You can name it anything you want to, but when that money goes into the Treasury, you do not know where the dollar came from—the wool tariff, whether the dollar came from the whisky tax or any other revenue that comes in to the Treasury. There is no difference. And when you take it out, you have to replace it somehow.

I have no objection to this. I think that you could sell it to the public and the public will not think it through. I think the public will grasp this thought, just like they feel the sugar program pays its way. It is no more paying its way than the wool program.

Mr. SHORT. The only point is I would rather have the Australian pay this than for me to pay it.

Mr. POAGE. They do not pay it. I have on an all-wool suit and I paid for it. The Australians did not pay a dime of it. I paid for it. I pay that tax. I could buy Australian wool that much cheaper if it were not for that tariff. The American consumer pays that tariff. Australians do not pay any of it.

Mr. OVERTON. I think probably——

Mr. POAGE. All I asked you is, Won't you come along and help the rest of us? We want you to keep this. Or do you just want to keep it for yourself and let nobody else have it?

Mr. OVERTON. What is sauce for the goose is sauce for the gander.

Mr. SHORT. I would like to ask Mr. Overton one question.

He talked about cost of operation. How much do you pay sheepherders?

Mr. OVERTON. It depends on the size of your operation. If you have a pretty good sized outfit, Mr. Short, 4,000 or 5,000 sheep, our sheep costs us this year 33 cents a head. In a smaller operation, the cost is higher. But the going rate around New Mexico this year, I would say, would be somewhere from 33 cents up to possibly 35 or 40 cents. I have heard of some small outfits paying 40 cents. It also depends on the cleanliness of the wool from year to year.

Mr. SHORT. Is this transition from the herder type of caring for the sheep to the fenced land—has that resulted in the elimination of the sheepherder?

Mr. OVERTON. He does not stay out there with the sheep. Of course, it does eliminate the caretaker of the sheep. It does eliminate that. For instance, the reason I begged to be first on this program this morning is I have a coyote drive tomorrow. We have an old-

time kind of logrolling deal, you know. We invite in all of the neighbors and I have about 125 of my neighbors coming in, in the morning and we will use horses and pickups and airplanes to chase the coyotes. The coyotes are killing the lambs. It has cut down quite a bit.

It increased our lamb crop tremendously—the percentage—and we just do a lot better job of raising sheep. We cut our costs quite a bit, because we got away from so many sheepherders.

We have coyotes running out of our ears. We have killed more coyotes this year—we have had a tremendous increase in Texas, New Mexico, and Colorado. Every one of those States has reported tremendous increases in coyotes.

Mr. POAGE. May I ask you on that, is that not due to the great infestation of rats that we had a couple of years ago? Did not coyotes pick up as a result? We have more than we have ever had in history.

Mr. OVERTON. We have not noticed that in New Mexico. We had a tremendous increase of jackrabbits about the time the coyotes started on the increase. But the natural balance of nature takes care of the rabbits, bubonic plague comes in and kills them out. Nothing ever happens to a coyote.

Mrs. MAY. I have a serious situation in the southern part of my district where we raise a number of sheep. We have thousands of acres devoted to an atomic energy project. Only limited coyote hunting is allowed. This has turned out to be a haven for the coyote. We think coyotes from other States come and say, "Boys, we are safe here." I believe our coyote problem has been intensified just from this situation.

Mr. OVERTON. Mrs. May, I am sure that is a big factor. Also, there are tremendous areas of the soil bank lands in New Mexico that just are virtually turned back to the Indians, you know, and the coyotes increase. The predatory increase has been great. The problem has been great.

Mrs. MAY. We used to be allowed coyote traps, but they had to take them out there because of the danger to people connected with the project.

Mr. OVERTON. That is one of our problems, I am sure.

Mr. POAGE. Thank you very much, Mr. Overton.

Mr. OVERTON. Thank you very much.

Mr. BREEDING. What are you doing to exterminate coyotes? We have a lot of them.

Mr. OVERTON. We have quite a few in our community and it is pretty widespread. The agreement is we put up part of the money, kind of horse trading with the station wildlife service and we get a little co-op together. It is a little woolgrowers association. We go in and we say to them, we will put up three-fourths of this man's salary if you will put up a fourth and furnish the pickup and tractor. It is kind of a horse-trading deal. This man comes in to the director. And the director of wildlife is supporting most of his salary. And he is not going from here to there but lives in that community. In that way it is kind of a co-op program. And we find that it works quite well.

Another big help is that we have a community that is interested in the sheep business and we all fight the coyotes together. We have two-way radios in the airplanes and in the pickups. And when we see a coyote, he never gets away.

Mr. BREEDING. There were a lot of coyotes in our area this winter. I wondered what methods you used.

Mr. OVERTON. A tremendous number. We are doing a tremendous job. We have that new poison that the Government puts out. The coyote is about the hardest thing in the world to kill. They are on the increase all of the time. We just never have been able to handle it.

Mr. POAGE. Thank you, Mr. Overton. We are very much obliged to you.

We will be delighted to hear from you now, Senator Hickey. Sorry to have kept you waiting.

First, may I ask unanimous consent to insert in the record a statement from Representative McDowell. Without objection it will be inserted.

(The statement follows:)

STATEMENT OF HON. HARRIS B. McDOWELL, JR., A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF DELAWARE

Chairman Poage and members of the subcommittee, I wish to go on record in support of the extension of the National Wool Act of 1954, as amended, for 3 years as a part of the Agricultural Act of 1961.

This was the proposal submitted to the Congress by the President on April 17, 1961.

I also want to call to the attention of the subcommittee the fact that the Delaware Sheep and Wool Association voted over 92 percent in favor of continuing the National Wool Act.

Vera Rambo, secretary of the Delaware Sheep and Wool Association, notified me of this action yesterday by telegram and requested me to have this information included in the hearing record.

I am delighted to do this, of course.

The National Wool Act is an example of an industry approach which has my support.

It provides price assistance to growers without adversely affecting the competitive position of domestic wool with imported wools and other fibers and without having the Government get into the wool business.

We are now producing 265 million pounds of wool, the highest level of production since 1946. In fact, wool production has increased 13 percent since 1954 when the National Wool Act went into effect.

Under the National Wool Act, the target of 300 million pounds of wool production is set up as a realizable goal and one necessary to our national security.

Delaware in 1950 had 86 farms reporting sheep, and in 1959 the number of farms reporting sheep had risen to 121.

The number of farms reporting shearing of sheep rose from 64 in 1949 to 104 in 1959.

Delaware is not one of the major wool-producing States, although its wool production has risen from 13,000 pounds in 1942 to 32,000 pounds in 1960.

Mr. POAGE. We are glad to hear from you, Senator Hickey.

STATEMENT OF HON. J. J. HICKEY, A U.S. SENATOR FROM THE
STATE OF WYOMING

Senator HICKEY. I was aware of the fact that the witness from New Mexico had to leave and was advised he wanted to get away, and, certainly, I was happy to sit and listen to his testimony.

I would like to background just briefly my particular interest in this. I am, of course, from Wyoming. I was born in Rawlins, Wyo., which is the county seat that for many years led the world as a wool-producing area. Within the last several years our friends from Texas have attained that honor because the effect of the economy in our area has resulted in a dropping of the sheep and livestock industry there, and consequently entire communities feel the impact of the difficulties that the woolgrowers have.

One of the leading merchants in my particular area told me of the number of livestock outfits that had gone out of existence within the last 5 years and its effect upon his general store, which is a large department store, and the general effect on the community.

I am here today to urge the extension of the National Wool Act of 1954 which, as you know, will expire next year. The hearing this morning is on several House bills to extend the act. Over on the other side of the Capitol, I have introduced a bill, S. 454, for the same purpose.

The incentive payment program for wool provided in this Wool Act is absolutely essential if the wool industry is to survive, and it is essential that Congress act on the extension bill during the current session because the very nature of the industry demands that the sheepgrower plan his operations at least 10 years in advance of the marketing season.

I say that for this reason, I have seen the sheepgrowers in difficulties since the early twenties. It appears there is approximately a 10-year cycle in these difficulties.

I am certainly not unmindful of the fact that during the last 30 years we have grown into a free-trade philosophy throughout the world, and I am sure that our Department of State in its operation is recognizing the absolute essential reason for this free-trade operation, and also is cognizant of the effect it has not only upon wool but upon the cotton and upon textiles.

Only about 10 days ago the textile people were very interested in the effect that the imports are having upon their industry, which, of course, includes the cotton as well as the wool people. As was suggested by the chairman, I think that all of agriculture must stand together because today the agricultural communities are growing smaller and smaller and they are producing more with modern means than they did in the past.

But what I hope to point out here is the absolute need for a long-term look at any program that is to help these people, because of the fact that they must plan, not from year to year, but over a series of years, due to the economic cycle that history indicates the woolgrowers have.

Because of the urgency of the matter, I strongly recommend that Congress take immediate action to extend the Wool Act, so as to let the growers plan ahead several years, as many years as the Congress sees fit to extend the law; if it could be a permanent act, it would enable them to plan for the future. Had it not been for this act or some similar provision, I truly believe that there would be no wool industry in the United States today to speak of. I am sure that the sheep would have all disappeared from the plains of Wyoming, which is currently the second sheep-producing State in the Union.

Although a far cry from being a perfect solution for the many ills of the wool industry, this incentive program has proved during the half dozen years of its operation a practical and sound method for providing essential assistance to woolgrowers without adversely affecting the competitive position of wool and other fibers and without putting the Government into the wool merchandising business.

That the program has been beneficial to the industry is borne out by the production figures of the past 6 years. In 1954, the year before the plan was put into operation, production of shorn wool in the United States was 235 million pounds, and by 1960 it had increased to 265 million pounds, the highest level in 12 years.

This, of course, is still considerably short of the national goal of 300 million pounds, the figure set in the act as consistent with our national security and the promotion of the general welfare of our country. But the 1960 production is a significant gain all the same. If the growers have the assurance of a continuing program, I am hopeful that the numbers of sheep will increase steadily.

I would like at this point, so that I do not take too much of the committee's time, to put in the record here an indication, if it is not already in, of the consumption as compared with the production; I think this will make possible an understanding of how a quota system will be beneficial to the wool people, as I think it will to the cotton people and the other people in the textile industry.

Mr. POAGE. Senator Hickey, that is the Department's tabulation; is it not?

Senator HICKEY. Yes, sir.

Mr. POAGE. I think we have it in the record, but without objection, if it is not in the record, it will be placed in there. I think it is the same thing that we have here. I think it is identical. The number of stock sheep in the United States—

Senator HICKEY. Yes.

Mr. POAGE (continuing). Versus imports and consumption of wool, wool prices, payment duty. I think it is identical to that which we put in the record yesterday.

Senator HICKEY. Very well, if it is in the record, may I make reference to it at this point?

Mr. POAGE. Exactly.

Senator HICKEY. Perhaps it is proper for me to recommend that the bill passed by Congress to extend the Wool Act should be a simple extension. I consider dangerous the suggestion of the previous administration that the financing of the wool incentive program be shifted from the tariffs collected on imported wool and wool manufactures to a direct appropriation basis.

The basic reason for that is the absolute essential need of the grower to know where he is going next year and next year and next year, and not have to rely on a yearly appropriation. I think it would be very damaging to him if he were put in that position.

Such a change would quite likely invite further cuts in our already modest tariffs which would result in lower prices paid to growers for their wool. And it would increase markedly the cost of the incentive plan to the Government. In fact, such a handling of the program would simply erase the incentive purpose of the act, since the payments would be subject to yearly appropriations and the sheepgrower

would have no assurance from year to year that there would be any payments at all, nor how much they would be.

So he could not plan his operation. Really, it would be better if there were no program at all.

We have many difficulties that I am sure the committee is aware of because of the discussion the chairman had with the gentleman who preceded me. We, in Wyoming, do not have the possibilities of fencing in the particular herd, because that is resisted by the wildlife people, by the people who are interested in hunting and fishing and oppose fences. So most of our operators still have the same herders, the same campjacks, the same type of operation they have always gone along with.

I think the Bureau of Land Management would clearly indicate to the committee that there has not been an overgrazing in our area since the days of the Taylor Grazing Act, the range is used adequately and not overgrazed.

I recall some years ago a grower by the name of Mr. King from Wyoming went to Australia where he observed operation of the wool production industry and came back with some very fine slides about it. Of course, it is an operation that does not require the personnel that ours does.

It is my firm conviction that, weighing the consumption requirements in our country today against our production, a quota basis might well be the answer. However, that is not of concern in this hearing, but because of the chairman's question to the previous witness, I would suggest that perhaps an exploration of the quota basis might well furnish the answer to our problem.

With regard to whether or not wool is competitive with the dacron and nylon and this type of thing, it occurs to me that the records of the great imports of the made-up woolen goods that the textile people are indicating today shows there is as great a need for woolen fabrics as there is for cotton and for many other fabrics.

So I think it is evident that the market is growing and continuing. I believe the extension of the Wool Act can result in our selling our wool at a price that will give the grower the kind of livelihood that all Americans are entitled to.

I thank you, Mr. Chairman and members of the committee, for allowing me to come here today to testify.

Mr. POAGE. We are very much obliged to you for your very fine statement. We appreciate it.

Senator HICKEY. Thank you.

Mr. POAGE. Are there any questions?

Mr. SHORT. I would like to ask you, Senator, if you think it is of enough importance to the sheep industry to have this Wool Act extended rather shortly so that the Wool Act should be considered aside from its inclusion in the omnibus farm bill?

Senator HICKEY. I do, sir. And the basic reason for my thinking is what I have attempted to indicate, these 10-year cycles. If growers are able to plan this year with an understanding that the act is continued, it will be most helpful to them.

I would say that it might well be considered as separate and apart from the omnibus bill.

Mr. SHORT. Thank you.

Senator HICKEY. And it would be my recommendation that it so be.

Mr. SHORT. Thank you. That is my feeling and I think the feeling of the sheep industry, that there is a possibility of delay if it is in the omnibus farm bill. I think it would give some feeling of confidence and security to the sheep people if we could pass it as soon as possible. There seems to be very little opposition to the passage of it, if we do it shortly, rather than waiting for the omnibus farm bill. It might be some time before the general farm bill is passed.

Senator HICKEY. I am sure that is absolutely the situation.

Mr. POAGE. Any further questions? If not, we thank you again.

Senator HICKEY. Thank you, Mr. Chairman, and members of the committee.

Mr. HARDING. Mr. Chairman, it is absolutely necessary that our committee not delay in acting on legislation to extend the Wool Act. This legislation affects an industry which must do considerable long-range planning.

Growers are now in the process of determining the size of their flocks for next year. The lambing season is over and they must decide how many ewe lambs to contract for this spring and how many yearling ewes to buy later this year. Right now the 5,000 sheepmen in Idaho are at a loss to know whether to expand or decrease their herds. They don't know what arrangements they should make to obtain financing. And I know this is also true of sheepmen in other parts of the country.

There is no reason to defer and have extensive debate on this legislation. We have had 6 years to observe the Wool Act in operation.

At the time the Wool Act was passed in 1954 wool production had declined 42 percent from 1944. In my own State of Idaho, which ranked fourth in total wool products, the output of shorn wool had decreased from a high of nearly 14 million pounds in 1944 to considerably less than 9 million pounds in 1954.

The poor state of the industry was apparent from the fact that wool was the only major crop which had gone downward in production from 1944 to 1954.

In spite of drought problems and a number of other reverses, the Wool Act has resulted in the national production of shorn wool increasing from 234 million pounds in 1954 to 265 million pounds in 1960—which is still short of the 300 million pounds deemed as the minimum essential for our defense needs by the Congress 7 years ago. Idaho's production is back up to 11 million pounds.

There are only four States which have participated to a greater extent in the National Wool Act payments than has Idaho which has received \$16,611,043 of the total \$263,715,217 paid to sheepmen during the last 5 years.

With such beneficial results from this act, it is not strange that the wool industry is almost unanimously supporting its extension. Typical of the correspondence I have received from my State on this act is this wire from the Idaho woolgrowers, "We endorse permanent extension of the National Wool Act and ask that you place our position on record in behalf of thousands of owners of sheep in Idaho."

It has strong bipartisan support. Rarely can it be said of agricultural legislation as it can of the Wool Act that it was developed during

the period one political party was in control and favored by the opposing party when it came into power as the answer to an industry's problems.

The National Wool Act has proved to be an effective and successful piece of legislation. Since revenues come only from the tariff on imported wool, its extension does not place an additional tax burden on our people. This legislation does not deal with a surplus product. It is one of the few agricultural products produced in this country which is deficient in production.

It has had 6 years to demonstrate its worth. A deferment in acting on my bill and those introduced by 14 other Members of the House will only result in a severe hardship on the wool industry we are trying to help. Let's expedite this legislation.

Mr. POAGE. Now we will ask Mr. Rozzoni to speak to us. We appreciate your forbearance.

STATEMENT OF LOUIS A. ROZZONI, PRESIDENT, CALIFORNIA FARM BUREAU FEDERATION AND MEMBER AFBF BOARD OF DIRECTORS; ACCOMPANIED BY MARVIN L. McLAIN, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. ROZZONI. We appreciate this opportunity to present the views of the American Farm Bureau Federation on the bill to extend the National Wool Act of 1954.

Our basic position with regard to this legislation is set forth in the following resolution adopted by the officially elected voting delegates of the member State farm bureaus at our last annual meeting in December 1960:

The 1954 Wool Act was enacted to stimulate an increase in the production of wool to a specified goal of 300 million pounds annually. This special payments legislation was predicated on the following:

(1) The annual production of wool in the United States is not sufficient to meet domestic needs even in peacetime.

(2) Congress has declared wool a strategic commodity and has determined an annual production of 300 million pounds is essential for national security.

Since we are approaching the annual level of production declared to be essential for national security, we recommend that Farm Bureau develop a sound program for wool within the framework of our philosophy on price support and adjustment programs.

Meanwhile, until such a sound wool program is developed, we will support a 2-year extension of the Wool Act, but we insist that section 708 be deleted.

We will continue to cooperate with representatives from all segments of the sheep and wool industry to improve producer income by developing and promoting comprehensive programs of research, education, and marketing of both wool and lamb.

PRODUCTION PAYMENTS

Our organization is opposed to production payments and to the use of a checkoff from Government payments to finance a promotion program. We have consistently pointed out that the payment approach is costly; that the general use of payments for farm commodities would misallocate resources; that (in the case of surplus commodities) it would lend to more, not less, Government regimentation of agriculture; that it would mean a disguised subsidization of exports which might provoke retaliatory action in other countries; and that it would make farmers dependent on Congress for their net incomes and possibly for a part of their costs.

Many of our members have felt that a better approach than the current act can be devised for wool. Working on that assumption, we are in the process of studying the various approaches that might be made to the overall wool and sheep problem.

Recognizing that one of the problems facing the wool and lamb industry is the need for increasing the consumption of both of these products, and recognizing that the importation of lamb as it is currently being handled creates special problems for local areas, we recommend exploration of proposals to work out an agreement with with exporting countries (a) to stabilize the importation of lamb and mutton at not more than the 1960 level for a temporary period, and (b) to limit shipments to such times and places as may be designated by the United States, with the understanding that countries exporting lamb and mutton to the United States are to share in any increase that may take place in the consumption of these products in the future.

We think it would be unwise to permanently extend the Wool Act until it can be determined whether another approach would more nearly meet the needs of the wool and sheep industry.

We realize that the act should not be allowed to expire without an alternative solution to the wool problem.

Accordingly, we recommend that the act be extended for 2 more years with section 708 deleted.

SECTION 708—CHECKOFF

Farm Bureau has always had serious reservations about section 708 of the Wool Act. We have strongly supported sound, well-coordinated voluntary promotional programs for agricultural commodities. We oppose compulsory, uncoordinated programs of the type authorized by section 708 of the current Wool Act.

The program authorized by section 708 is not voluntary because the producer can neither avoid payment nor get a refund. Under a truly voluntary program he could do either. Since the checkoff is not voluntary, it, in effect, amounts to a tax on all woolgrowers for the purpose of raising funds to be disbursed by a private agency.

Individual producers have considerably less control of the way the checkoff funds are spent than they would have if contributions were voluntary, and it is impossible for individual producers to withdraw from the program or to initiate a reconsideration of it—regardless of the direction it may take. This certainly is contrary to the basic principles of self-government on which our Government was established.

There is no coordination between the promotional program for lamb financed by section 708 checkoff funds and the voluntary efforts of producers to expand consumption of all red meats, including lamb.

The fact that the Government has been checking off funds from payments due woolgrowers and turning them over to a private group for advertising and promotional activities has stimulated demands for legislation to make possible the use of checkoffs to establish separate competing organizations for beef, pork, and lamb in each State or market area. This could prove extremely costly and wasteful for livestock producers.

We therefore feel that section 708 should be deleted from the act before it is extended. We will continue our exploration of a better alternative to the present Wool Act. We recommend that the act be extended for only 2 years, and we shall endeavor to come up with a better solution to the wool problem in the meantime.

Again we express to the members of this committee our deep appreciation for being permitted to present the views of Farm Bureau.

Mr. POAGE. Thank you very much, Mr. Rozzoni. I am wondering as to the first page of your statement, your organization's statement, you feel that it is not a sound policy but one that probably is needed at the moment.

You state that :

We recommend that the Farm Bureau develop a sound program for wool within the framework of our philosophy on price support and adjustment programs.

Do you mean by that that you would favor a program which would support wool at 10 percent less than last year's prices?

Mr. ROZZONI. No. I do not think—

Mr. POAGE. That is the basic Farm Bureau philosophy of support, is it not—10 percent less than the last 3 years?

Mr. ROZZONI. In this particular instance we are talking about wool, and that is not mentioned.

Mr. POAGE. You say you want to "develop a sound program for wool within the framework"—

Mr. ROZZONI. Yes.

Mr. POAGE. "Within the framework of our philosophy on price supports and adjustment programs." That framework is 10 percent less than the actual price of the last 3 years, is it not?

Mr. ROZZONI. If you include wool, and we are not including that, of course, then you would be right, but you would be wrong in assuming that that is the way we intend to operate the program for wool.

Mr. POAGE. What I am trying to find out is, you say that you want to develop a program within the framework of the price support philosophy of the Farm Bureau.

Mr. ROZZONI. Right.

Mr. POAGE. I am just trying to find out what that framework is. That framework is 10 percent less than the actual price. At 10 percent less than the average price for the last 3 years, there is no dispute about that, is there?

Mr. ROZZONI. No.

Mr. POAGE. That is the framework, is it not?

Mr. ROZZONI. Mr. Poage, when we talk about a philosophy, in that it is to have a program whereby the ability and the efficiency and the resources of the grower would be such that will eliminate the need for dependence on Government. That is the philosophy.

Mr. POAGE. Well, I come back to the proposition.

I first want to know what is your philosophy of price supports. If I have misstated it, I want you to correct me.

Mr. ROZZONI. Again, I would like to say that we take first the wool, and we say, "This is the problem we are facing. We would like through efficient methods, through a program that would bring about efficiency, sufficient for the wool producers to be efficient from Government."

That is our philosophy.

Mr. POAGE. In other words—

Mr. ROZZONI. That is the philosophy.

Mr. POAGE. That does not state the philosophy of the Farm Bureau on price supports.

Mr. ROZZONI. If it does not, I belong in the wrong organization.

Mr. POAGE. It says here clearly that “within the framework of our philosophy on price supports”—your philosophy on price supports is basically just what I have said.

Mr. ROZZONI. Our philosophy, basic philosophy, is to return to the market as an indicator of what to produce, how much to produce and whether it should be produced.

Mr. POAGE. And that the support price should be 10 percent less than the actual market price of the last 3 years; that is right, is it not?

Mr. ROZZONI. Well, now, as I said, if you make that a broad statement to include all commodities, then I would say you are wrong. In some commodities, you are right.

Mr. POAGE. Then you want to make an exception to wool and do not want to apply to wool your basic philosophy, is that right?

Mr. ROZZONI. We want to bring in a program that would bring the wool into that philosophy—under that philosophy, within that framework of philosophy, yes.

Mr. POAGE. Well—

Mr. ROZZONI. So we are trying to develop a program that will get us out from the mess that we are in.

Mr. POAGE. I am not objecting to that, Mr. Rozzoni. But your program—the philosophy which I understand you want to apply to wool—is to limit support to 10 percent less than the market price the last 3 years.

I do not mean that you are suggesting that it should go below that, but you say wool should not be supported above that; that is, the support should not be in excess of 10 percent below what the price was during the last 3 years; that is what you are saying, is it not?

Mr. ROZZONI. On some commodity, Mr. Poage, on some commodity.

Mr. POAGE. That is what you said on wool, is it not?

Mr. ROZZONI. I am not saying that.

Mr. POAGE. You say that you are saying that they become more efficient than they are today.

Mr. ROZZONI. And we are seeking time enough—

Mr. POAGE. For efficiency?

Mr. ROZZONI. We are seeking time—we are seeking time, Mr. Poage, to find a way out of the problems that we are in.

Mr. POAGE. Yes.

I am just trying to find out what you are for. What you are trying to do is to make him more efficient than he is—so much more so that he can afford to take a price considerably below the present support price? That is right, is it not?

Mr. ROZZONI. Well, if he is efficient to the point that he can compete with anything, why should he not?

Mr. POAGE. If you can make him efficient, so that he can sell his wool in competition with the Australian and New Zealander or anybody else, and his lambs included. When you make him that efficient, then, of course, he can still make a profit doing it. Then, of course, he does not need support.

Mr. ROZZONI. That is right.

Mr. POAGE. What you are trying to do is to make him that efficient?

Mr. ROZZONI. That is right.

Mr. POAGE. And that is your program: to make him so efficient that he can afford to take the world price on wool—what is it, 42 cents?

Mr. ROZZONI. Now you are leading in a lot of things there that I would say, in general, you might want to use that as a goal. We are, also, practical people. We know we cannot do it today.

Mr. POAGE. No. How long do you think it would take to make him that efficient?

Mr. ROZZONI. I don't know. I don't know. I wish I did know. But I know this: that if all of the producers, including Government, including everyone else that has an interest in wool and lambs, put their minds together, they would do much more than they are doing now, when they are depending on a compensatory payment.

Mr. POAGE. Do I understand that you feel that during the last 6 years, we have seen a decline in efficiency in the wool business? Is that what you are saying?

Mr. ROZZONI. That is what you are saying. What I meant is that if we got together, we could do more—that is what I said.

Mr. POAGE. We did not have compensatory payments prior to 1954. I do not want to put words in your mouth. Are you saying that we have lost efficiency in the wool business since we have established this compensatory payment program?

Mr. ROZZONI. Maybe we have lost some efficiency; I am not saying, that I am not saying, but I say that the cost has increased.

Mr. POAGE. Yes.

The cost of production has increased, I am quite sure of that. Now do you think that as a result of this compensatory payment, that the woolgrowers around you have become less efficient; and, therefore, the cost-price squeeze is squeezing them worse?

Mr. ROZZONI. This I do not say, Mr. Poage—all I am saying—

Mr. POAGE. I know you did not. I am trying to find out what you will say about it.

Mr. ROZZONI. What I am saying is this: that the cost has increased.

Mr. POAGE. Yes.

Mr. ROZZONI. And that the compensatory payment has given them an assurance that the least he could do is 62 cents, and, therefore, he is not going to be as pressed to find another answer to his income problem as he would if he did not have the compensatory payment.

Mr. POAGE. I think that is good, sound theory.

Do you think that that is what has happened? Do you think the farmer has become less efficient in the last 6 years?

Mr. ROZZONI. Well, now, I keep saying to you that it is not a question of efficiency. It is a question of increased costs.

Mr. POAGE. It is a question of efficiency. If he is efficient enough, he will overcome these price-cost deficiencies. That is the hope you are expressing and we all are expressing. You hope that you will make him so efficient that he can have a profit instead of the rise in cost, do you not?

Mr. ROZZONI. Well, now, if you like that better than what I said, that is all right. You said it. [Laughter.]

Mr. POAGE. That is what you have in mind?

Mr. ROZZONI. No; I have not.

Mr. POAGE. What do you have in mind?

Mr. ROZZONI. I simply said that the cost of producing is growing faster than we are able to keep up.

Mr. POAGE. The cost to the woolgrower; is that the fault of the present law?

Mr. ROZZONI. Maybe a fault of the philosophy.

Mr. POAGE. Now, then——

Mr. HAGEN. We ought to be grateful that Mr. Poage is supporting the Wool Act.

Mr. POAGE. Yes; I am supporting the Wool Act. Did you say that is the first time that you heard of it? I am glad you now are informed that I am supporting it. I support the same program for other commodities, too.

And so the gentleman may not be misinformed I would apply that program to a great many commodities that are similarly in need.

You next stated that you will support a 2-year extension of the Wool Act, but insist that section 708 be deleted.

If the committee and Congress do not eliminate that section, are you still in favor of the 2-year extension of the Wool Act?

Mr. ROZZONI. In the first place, we would like to delete it——

Mr. POAGE. Yes; you say you insist that it be deleted. Do you mean by that——

Mr. ROZZONI. That is right.

Mr. POAGE (continuing). That you will not support the Wool Act unless the Congress deletes that section?

Mr. ROZZONI. That is what the statement says.

Mr. POAGE. I understand that.

Mr. HARDING. I would like to ask a question, if the Chairman will yield?

Mr. POAGE. Would you let me complete something here. I believe the gentleman says that this was a disguised subsidy—that it would be a disguised subsidization of exports which might provoke retaliatory action from other countries.

We have presently a direct export subsidy; do we not?

Mr. ROZZONI. Yes.

Mr. POAGE. And you support that; do you not?

Mr. ROZZONI. Up to a point.

Mr. POAGE. You support the subsidy—the direct export subsidy on cotton and on wheat; do you not?

Mr. ROZZONI. Up to a point.

Mr. POAGE. Up to what point?

Mr. ROZZONI. As long as it does not create a problem with the countries that we deal with.

Mr. POAGE. It has already created a lot of problems; has it not?

Mr. ROZZONI. Yes; but where you have a direct subsidy, you may create even higher and bigger problems.

Mr. POAGE. We pay 8½ cents a pound on cotton; do we not?

Mr. ROZZONI. Yes.

Mr. POAGE. We pay 56 cents a bushel on wheat?

Mr. ROZZONI. Yes.

Mr. POAGE. Do you support 8½ cents a pound on cotton and 56 cents a bushel on wheat?

Mr. ROZZONI. That is what we said; we have gone along.

Mr. POAGE. You support those subsidies?

Mr. ROZZONI. We have gone along with this; yes.

Mr. POAGE. That is a direct subsidy?

Mr. ROZZONI. That is right.

Mr. POAGE. Do you think that a direct subsidy creates any less resentment on the part of foreign nations than an indirect subsidy?

Mr. ROZZONI. An indirect subsidy?

Mr. POAGE. Yes. You said that these direct payments would be looked upon as a "disguised subsidization of exports." We are not disguising it on the subsidization of exports now. Do you think that creates less friction with foreign nations than it would if the subsidization were disguised?

Mr. ROZZONI. Well, I am not too sure what you are trying to prove in this point, not because I am afraid to state my philosophy. I do believe that I may not give you the right answer on this without wanting to give you the true answer that I would like to give you.

What I meant is that, in the first place, the wool program is not competing with other markets. We are importing wool.

Mr. POAGE. We are not talking about wool here. You are talking about the whole philosophy of production payments.

I am looking at page 2 of your statement, under the heading of "Production Payments."

You are not talking about wool at all. You say:

Our organization is opposed to production payments and to the use of a checkoff from Government payments to finance a promotion program. We have consistently pointed out that the payment approach is costly—

that is not confined to wool.

You say:

That the general use of payments for farm commodities would misallocate resources; that (in the case of surplus commodities) it would lend to more, not less—

Mr. ROZZONI. "To more, not less."

Mr. POAGE (continuing):

to more, not less, Government regimentation of agriculture; that it would mean a disguised subsidization of exports which might provoke retaliatory action in other countries.

All I am asking is—this actually does not relate specifically to wool, it relates to the whole question of direct payments—I am just asking why you think that the disguised subsidization of exports is any more dangerous in our foreign relations than the direct and open subsidization of exports?

Mr. ROZZONI. Disguising—the word "disguising" means that you wrap it up in something other than what actually you want to show the inside of the package to be. I think something that we tend to disguise, in itself, means that we, ourselves, are not proud of what we are doing.

Mr. POAGE. Well, would you apply that the other way around—of course, you are now supporting the cotton market and wheat market by your direct subsidy to the foreign importer, and, as a result, maintain the American price to some degree.

If you disguise it——

Mr. HAGEN. Will you yield?

Mr. POAGE. Not yet. (Continuing.) You are disguising the effects on the American market, are you not?

Do you object to that? Do you do that because you are ashamed of what we do on the American market? I have not thought so.

Are you ashamed of that on the American market?

Mr. ROZZONI. No.

There are a lot of things that we are doing that we are not ashamed of that we should be. I am not saying that the export subsidy on cotton is something that we should be ashamed of. I did not say that. But I said if we intend to use any payments as a disguise so that the people will not see exactly what we are doing, then it would not affect the industry here in the United States or the people who trade with others.

Mr. POAGE. Then it would seem to me that you ought to recognize the direct payment which is not disguised, but which is done directly, openly, so everybody can see it, would be all right.

Mr. ROZZONI. I am here for that reason——

Mr. POAGE. You——

Mr. ROZZONI (continuing). I am saying that—I am saying that the compensatory payment on wool should be extended for 2 years, because we do not have a better program.

Mr. POAGE. But you think that it should be as everything else.

Mr. ROZZONI. I would not say that. This is a commodity by itself.

Congress has said, "We must have 300 million pounds of shorn wool per year."

This is a demand on the grower. We do not have another commodity in this country——

Mr. POAGE. That statement is one I have heard repeated many, many times. It is that direct payments would make farmers dependent upon Congress for their net incomes and possibly part of their costs.

It has been reported by so many people, I wonder if you would not explain to us just how the farmers are not dependent upon Congress under this wool program or under the cotton or wheat programs or under the tobacco program.

How they are more dependent upon the Congress if their support is made through direct payments.

If we adopt these suggestions of yours and support all commodities at 10 percent less than the average market price, would not Congress still have to appropriate the money?

Mr. ROZZONI. If we are going to adopt a policy that will make the market price ineffective or no longer a guide, if we adopt that policy, then we will depend more and more on Government for our income.

What I am saying is, let us work toward something that will get us out from that position. The philosophy of direct payments, compensatory payments, or any other type of payment—there are many, many ways of saying the same thing—will get you more and more under the Government intervention at the marketplace, or dependency of the farmers on Government.

Mr. POAGE. Yes; so much of this propaganda is going over the country to the effect it is if you use direct payments, the Congress can cut it off any time. Can we not do that with the loan program any time?

Mr. ROZZONI. Do they?

Mr. POAGE. Is not the power still in Congress?

Your organization supported the tobacco program. Is not it just as much under the control of Congress as the direct payment program is?

Mr. ROZZONI. Well, one of the things that we are in favor of, Mr. Poage, is not to develop a crutch where the muscles also will tend to wither away and you depend more and more on those crutches.

That is one thing that we are against.

Mr. POAGE. I am not going to argue with you about the desirability of it.

I think it is highly desirable to make everybody as productive and efficient as you can and able to produce as cheaply as you can.

I just want an explanation that my folks can understand as to the soundness of this argument that the direct payment program is more dependent upon the Congress than existing programs or those that are proposed.

Are not all of them directly under the control of the Congress, and are not all of them dependent upon the Congress?

Mr. ROZZONI. To a certain degree, to a certain degree, but let me just—

Mr. POAGE. Congress could stop the appropriation for the Commodity Credit Corporation. How long would the tobacco program last, if those appropriations were stopped?

Mr. ROZZONI. Well, Congress, of course, is an intelligent body, and it will look at the industry and they will make the decision based on the need of that industry.

Mr. POAGE. I think all of that is true. But you imply that Congress will not do that.

Mr. ROZZONI. Let me say—

Mr. POAGE. You imply that if we have the direct payment program, it will not be true.

Mr. ROZZONI. I did not imply it. I meant it—

Mr. POAGE. You meant it?

Mr. ROZZONI. Oh, yes.

Mr. POAGE. But you do not mean it for anything else?

Mr. ROZZONI. As I said, Congress is an intelligent body, and it will evaluate an industry, the problem of that industry, in accordance with what happens at the time they are taking a look at that industry.

Compensatory payments, direct payments, or any other payments which tend to lull the farmers into thinking that that is needed, he will depend more and more on it, and it may be that an industry will get into such a mess that Congress would not be able to find a way out.

Mr. POAGE. You made that statement a while ago, but when I asked you to demonstrate where they had done that in the case of the wool-growers, you refused to answer. Would you care now—having repeated the statement—that direct payments will lull the growers to where they will not make the same efforts as they would if they did not have such a program. Do you think that is true about the sheep-growers?

Mr. ROZZONI. I said that—and I mean to be direct, as you are, Mr. Poage—I said that the wool industry is as efficient as it was 10, 20 years ago, but the cost has increased.

That we, under this program, are actually buying time to find a way out; that the compensatory payment is paid to a commodity that stands out by itself, and Congress said so.

But I like to say, also, that the 300 million pounds of wool, when that is reached, I have the thought in mind, or a doubt, that Congress may not continue to support a commodity that has now reached this point of 300 million pounds and it may increase.

What are we going to do then? Where are we going to get the money?

If 300 million pounds are sufficient, or 350 million pounds are sufficient, then what source of money is the Government going to have in order to pay the compensatory payments on wool?

With those doubts in mind, not knowing exactly who would be in Congress then, how the sentiments of the taxpayers would be, I say, let us get together and do something about it and let us not go to sleep because we have a compensatory payment.

Mr. POAGE. I hope you are not going to sleep.

Mr. ROZZONI. We are not doing too well, are we?

Mr. HARDING. I would like to inform the witness that most of the bills that have been introduced to extend this Wool Act including the one by our distinguished chairman and by other members of this committee and Members of the House, call for a simple extension. If we do not adopt the amendments that you have proposed, then you are going on record as being opposed to this simple extension, is that correct?

Mr. ROZZONI. Yes.

Mr. HARDING. That is all I wanted to ask.

Mr. SHORT. I dislike to take the time, Mr. Chairman. There are many other witnesses here.

We only have about 35 minutes until the House convenes. I would like to ask Mr. Rozzoni a question or two about this section 708.

First of all, as to a referendum, I have some figures here on the number of votes for and against the so-called checkoff from the incentive payment for promotional purposes. I do not see here that it indicates what percentage of the producers voted or what percentage of the sheepgrowing population, State by State, the owners that voted, represented.

Are there any such figures available?

Mr. ROZZONI. I would like to—I have been told by Mr. McLain that the Department has those figures. I do not have them.

Mr. McLAIN. I think you can get them from the Department, Congressman Short; at least, they would come as near having them as anybody.

Maybe some of the other members who are going to testify would have them.

We do not have them at our fingertips. I think an approximation is available on this question that you want. You can get it from the Department.

Mr. SHORT. The point I am getting at is this: The percent of the people that voted in the referendum was 91 percent—the vote was 91 percent in favor of the checkoff of those that voted in California. The point that I am trying to clarify here is:

What percentage was that—close to all of the producers or only a portion?

Mr. ROZZONI. It was a high portion of the growers.

Mrs. MAY. I am not exactly certain as to these figures, but the figures that were given to me show about 2,150 producers voted, and 80 percent of them voted in favor of continuing with the promotion program.

The owners of 91 percent of the sheep represented in the vote were in favor of it.

Mr. SHORT. Ninety-one percent?

Mrs. MAY. Yes.

Mr. SHORT. The point I am trying to get at is: How many sheep producers there are in California.

Mr. ROZZONI. I do not have those figures.

Mr. SHORT. May I request, Mr. Chairman, that it be furnished?

Mr. McLAIN. One of the other witnesses here will have it.

Mr. SHORT. I do not care from whatever source it comes, just so we get it in the record.

Mr. POAGE. Yes.

(The information follows:)

The U.S. Department of Agriculture reported that the 1959 Census of Agriculture showed 9,119 producers of sheep in California.

Mr. SHORT. As the gentleman knows, this is a subject in which I have had a very considerable interest, inasmuch as I at one time was president of the National Beef Council which is an organization that attempts to do somewhat the same thing as, I believe, is the objective of the American Sheep Producers Council. That is the name of it.

Mr. ROZZONI. The promotional program?

Mr. SHORT. I will agree with the gentleman that I think the check-off should be voluntary.

I would like to advise you here and now that that always has been the objective of the beef cattle people in their approach to this thing. This has always been on a completely voluntary basis. We have programs operation in some of the States. In my State of North Dakota where it is in operation it is absolutely voluntary. If anyone objects to the deduction being paid, all he has to do is to say so and it is taken off. I believe that is the way it should be for the very reason that the gentleman states in his message here: That that is the only way that the producers can actually control the promotion program.

The Government stated, and I think very well and with very justifiable reasons, there is a need for an expansion of the use of wool and an expansion of the consumption of mutton. That is something that the gentleman has suggested very properly, that we all work for.

It seems to me that right here, we must recognize, however, that the producers are one of those groups responsible for doing this job. I do not know just how they can do it unless they have some money available to them.

If they vote in a referendum to make the deduction from this incentive payment or from any other source, if they want to vote a deduction as a part of sales from the lambs they sell, if they, by that majority vote, vote to implement such a program on a voluntary basis, I must say that I would be completely in favor of it.

I did not realize that this provision in section 708 of the Wool Act made it absolutely mandatory that if the referendum prevailed, every producer subscribed to this deduction. Apparently, that is true, is it not?

Mr. ROZZONI. That is right.

Mr. SHORT. I would very sincerely hope that the gentleman in his objection to the passage of the Wool Act with section 708 in it would revise his objection to the extent that section 708 be amended to be voluntary rather than mandatory.

Would you subscribe to such a revision?

Mr. ROZZONI. If it is voluntary, we are saying right here that we support the voluntary program, and we have supported voluntary programs.

Mr. SHORT. Well, now, let me go just a little bit further with that.

If the bill could be revised so that section 708 of the bill could be revised so that this checkoff, even though it is endorsed by a majority of the producers at a referendum—if it is still voluntary on the part of the individual, would the gentleman, would the Farm Bureau, remove their objection to the extension of the Wool Act?

I am not asking you to change your position on the length of time for which the act would be extended.

Mr. ROZZONI. We have a policy and we are guided by the policy.

So, whatever I say here could not be made official. No; I cannot answer that question.

Mr. SHORT. Your point is that this was the position that was adopted at your annual meeting?

Mr. ROZZONI. Yes; that is right.

Mr. SHORT. You do not feel that you are able to reverse that?

Mr. ROZZONI. We would have to wait until next time.

Mr. SHORT. Mr. Chairman, time is running.

Mr. POAGE. Would you yield for a question?

Mr. SHORT. Yes.

Mr. POAGE. In that connection, I believe the gentleman will recall that this Congress did propose to authorize a checkoff on all of the livestock; that is, on beef, pork, and mutton—

Mr. SHORT. On a voluntary basis.

Mr. POAGE. Exactly; but I want to get clear now what you and the gentleman are referring to as a "voluntary basis," because that bill provided that any man, any producer, who did not want that checkoff might object to it and it would not be paid. If it was made, he had a right within 30 days to ask for his money back and get it back. And you and I considered that a voluntary basis.

Representatives stood on the floor of the House and said that it was not a voluntary contribution. I want to know whether you consider that voluntary or compulsory. There is a vast difference of opinion there. I think, when a man has a right to deny the checkoff, a right not to make it, it is voluntary with him.

Mr. SHORT. Mr. Chairman, right there we get into an area of semantics, whether or not the proposal that has been made and considered by Congress would be voluntary or compulsory—I think “automatic” comes in there although this word did not appear—this is something that I think under the proposal that has been made would have been an automatic deduction. I do not like to use the word “checkoff.” It was an automatic deduction that would be made unless the producer, the shipper, the seller, indicated that he did not want to pay it.

Mr. ROZZONI. That is right.

My memory does not serve me too well on this, but I would like to say if a person at some place where he sells has a deduction from his receipts and then he has to go a thousand miles away or 50 miles away to get his 10 cents or 30 cents or 50 cents back from the 10 sheep or beefs—

Mr. SHORT. I could not agree with you more. The only thing that I can say is that in actual practice it does not work that way. In North Dakota it has been going on for 7 or 8 years now. All the shipper has to do is to go up to the window and say, “Do not take off the deduction any more.”

Mr. ROZZONI. At that time?

Mr. SHORT. That is right.

Mr. ROZZONI. May I say just one more thing, Mr. Chairman? I know you have been very, very kind. I would like to say that we ought to consider in these checkoffs the weight of the import of resources in one commodity. Now you take lamb versus beef. The amount of money that a beef produces or beef producer can put into other types of beef against lamb—beef against broiler—in other words, there is not very much equity from the standpoint of production and ability of the producers to advertise his own commodity against others.

Even if there was, what would be the gain if everybody advertised at the same level? Wouldn't we actually raise our overhead and not get anything in return for it?

Mr. SHORT. Mr. Rozzoni, I do not think this is the place to go into a long, detailed discussion of that. This gets into the area of whether advertising pays.

It seems to me that if the argument that you offer is true—and I am not sure that I completely disagree with you, sir—I think we would have to accept, perhaps, the thought then the money that is spent for advertising for automobiles and almost everything else is something that is wasted.

I am not sure that I do not, at some degree, agree with that. I get back to this:

I think the producers of the agricultural commodities have, in some degree, a responsibility to help expand the markets, to develop markets, to promote the sale and consumption of their products.

I do think—and I cannot believe this more sincerely—that this cannot be done on an overall basis because there is a conflict of interest there.

I think each group should have its own individual right to shape up a promotional effort if it wants it. This is something that I think you have to bear in mind in the consideration that most of the people interested in production of beef are, also, interested in the price of

pork. Out on the Great Plains area many of the people that are interested in the price of beef are, also, interested in the price of lambs and wool.

I do not think there is the degree of conflict of interest there that some people might construe there is.

Many of these people are in two, if not all three, phases of the meat production.

Thank you, Mr. Chairman.

Mr. POAGE. Thank you.

Mr. JENNINGS. I want to ask you this question: How do you feel about the present rate of support that is in this program? Do you favor the present rate of support at 62 cents a pound or 83 percent of parity?

Mr. ROZZONI. You are asking me, and I want to say, Mr. Jennings, that I am answering you as a person, an individual now—I am not representing an organization, if that is possible.

Mr. JENNINGS. Does your organization have a policy in this particular field?

Mr. ROZZONI. No; we do not. So if you are interested in my personal feelings, I will—

Mr. JENNINGS. I am interested in ascertaining your personal views.

Mr. ROZZONI. The difference between 62 or 82 cents today, with the price of lamb what it is, does not make much different to the wool producer.

Mr. JENNINGS. The difference between 62 cents and 82 cents per pound does not make much difference to the producer?

Mr. ROZZONI. Not when the lambs are selling for what they are selling for. They are selling for 17 to 17¼ cents a pound my way for choice lambs.

Mr. JENNINGS. What you are saying, then, is that the price of wool has very little to do with the price—with the overall income of the sheep producers?

Mr. ROZZONI. In some areas, yes. In California—California—

Mr. JENNINGS. What areas?

Mr. ROZZONI. California income from the sheep is, approximately, 75 percent from lamb and 25 percent on wool.

Mr. JENNINGS. So then you say whether the price of wool is 62 cents or 82 cents has very little to do with it?

Mr. ROZZONI. I just reached out there for a figure. In other words, the income from wool today, with the price of lamb being what it is, it does not help the woolgrowers in California very much.

Mr. JENNINGS. What is the use of this bill? Why should we have this bill, if your assumption is correct? Why do we have it? Because wool sells for 42 cents, anyway, rather than 62 cents. If it is so insignificant, why are we considering this bill?

Mr. ROZZONI. One thing that I have in mind is it alleviates the problem at the present time. It does not solve it, the income problem of the grower.

Mr. JENNINGS. What problem?

Mr. ROZZONI. The income problem.

Mr. JENNINGS. I will have to say that I do not follow you.

Mr. ROZZONI. All right.

Forty percent of the income from wool comes from Government. That may mean about \$1.60 to \$1.75 per sheep.

Mr. JENNINGS. About \$1.60?

Mr. ROZZONI. Depending—

Mr. JENNINGS. That is an average, depending, of course.

Mr. ROZZONI. With the price of lamb being what it is, it helps very little.

Mr. JENNINGS. Mr. Chairman, I do not believe, if that is the witness' views, that I need to go any further in making any inquiry as to the other questions that I have, but as a matter of getting it on the record here, would you favor an increase in the price of wool, say, to 75 cents a pound or 90 percent of parity?

Mr. ROZZONI. No.

I would favor an increase in our ability to merchandise the lamb.

Mr. JENNINGS. I think everybody is for motherhood and against sin, but how do you recommend that we do this?

Mr. ROZZONI. By developing the market for lamb, instead of restricting it the way it is.

Mr. JENNINGS. Tell me how you can develop it. I am interested in that and I think it is a good statement. I think we are all interested in it.

Everyone who is interested in producing sheep or wool, and is interested in the marketing of any product is interested in doing exactly what you say.

Please tell me how we can do it.

Mr. ROZZONI. First, we have to have a continuity of production so that all retailers in the areas where we merchandise lamb would have lamb on the shelf.

Many a time—

Mr. JENNINGS. Do you claim there are shortages of lamb on the shelf?

Mr. ROZZONI. Yes, yes; there are places where we have too many lambs, as we had in California during the last 5 weeks, where the old lambs, the old crop and the new crop meet at the same time.

When you look at the United States and what it consumes, lamb meat that it consumes—

Mr. JENNINGS. About 4 pounds per person.

Mr. ROZZONI. All we produce is consumed. And the distribution—where the distribution is—California eating, approximately, 12 pounds; Texas eating less than—I don't know—a pound or a pound and a half—I don't know why, but they don't eat it.

Mr. JENNINGS. Your statement was that the lambs were all consumed.

Mr. ROZZONI. Yes.

Mr. JENNINGS. They were consumed in the area that they were produced in.

Mr. ROZZONI. I didn't say that. I said that the distribution in my own opinion is not properly set up, or distributed—the mechanism is not there.

Mr. JENNINGS. Is that true for other meat products?

Mr. ROZZONI. I am talking about lamb.

Mr. JENNINGS. I am asking you, though: Is that true for other products?

Mr. ROZZONI. We have enough other commodities—enough beef, enough pork, to really interest merchandisers to handle it, whereas

with lambs now becoming less and less of a staple commodity, becoming a specialized commodity which demands a higher margin of profits.

Mr. JENNINGS. Would you favor an increase or decrease in the price?

Mr. ROZZONI. I favor an increase in consumption, an increase in demand, for lamb. The market then would rise in accordance with the demand.

Mr. JENNINGS. How do you recommend that we get this demand?

Mr. ROZZONI. By merchandising and providing that people have a continuity at the market where they could have lamb at all times, not gluts and famines such as we had in the last few years.

Mr. JENNINGS. Could we provide that continuity by advertising?

Mr. ROZZONI. We provide the continuity by having the lambs first.

Mr. JENNINGS. Then advertising second?

Mr. ROZZONI. No, I think that if there is money in the business of merchandising, the handlers would try to sell what they have bought.

Mr. JENNINGS. All right, let me go ahead and not belabor that point too much.

You state here in your testimony that:

We recommend the Farm Bureau develop a sound program for wool within the framework of our philosophy on price supports and adjustment programs.

Have you developed the philosophy—has that been developed, if you know?

Mr. ROZZONI. In the Farm Bureau?

Mr. JENNINGS. Yes.

Mr. ROZZONI. As far as the wool program is concerned?

Mr. JENNINGS. I am not asking you about the wool program.

Has the philosophy on price support and adjustment programs been developed by the Farm Bureau?

Mr. ROZZONI. Yes.

Mr. JENNINGS. That is the first step, to develop your philosophy and that has been done.

Now, then, you want time to recommend a program, a sound program for wool within the philosophy?

Mr. ROZZONI. Right.

Mr. JENNINGS. How long do you think that will take?

Mr. ROZZONI. I do not know.

Mr. JENNINGS. Well, now, when you developed the philosophy of the Farm Bureau, was that developed before 1954 or after?

Mr. ROZZONI. That has been developed many years, through 42 years of experience.

Mr. JENNINGS. Forty-two years?

Mr. ROZZONI. Yes.

Mr. JENNINGS. This wool program was passed in 1954.

Mr. ROZZONI. 1954.

Mr. JENNINGS. In 1954?

Mr. ROZZONI. Yes.

Mr. JENNINGS. Have you been working on a program—did you work between 1954 and 1958 on the development of a wool policy within the framework of the Farm Bureau policy that has been developed over 42 years?

Mr. ROZZONI. Yes, we could have worked at it a little harder, but we have not worked hard enough.

Mr. JENNINGS. You have not come to any conclusion so that you have no recommendations?

Mr. ROZZONI. We have no specific recommendation yet.

Mr. JENNINGS. Have you worked on the program from 1958 to the present time?

Mr. ROZZONI. Yes, we have been working.

Mr. JENNINGS. What makes you think that you will come up with something in 2 years, then?

Mr. ROZZONI. We will say that it may be that in 2 years we have a better answer than we have at the present time.

Mr. JENNINGS. So, therefore, you recommend that we extend the program only for 2 years?

Mr. ROZZONI. Exactly, precisely.

Mr. JENNINGS. Because you feel that within the 2 years you might develop a sound program within the philosophy?

Mr. ROZZONI. That is right.

Mr. JENNINGS. Even though you have not been able to do it since 1954?

Mr. ROZZONI. Yes.

Well, we discovered a lot of things lately that we have been at for thousands of years.

Mr. JENNINGS. You say that you are opposed to this bill with section 708 as it now stands?

Mr. ROZZONI. That is right.

Mr. JENNINGS. What do you recommend instead, that we completely delete section 708, or that we substitute something else in its place?

Mr. ROZZONI. That we delete the section 708 and that we give more consideration to steps that will provide the things that we need, markets, and so forth.

Mr. JENNINGS. Where do you propose that this research would get its money, from Government or from the producers?

Mr. ROZZONI. From the producers, all that we can.

Mr. JENNINGS. How do you propose that they collect the money from the producers?

Mr. ROZZONI. From voluntary programs.

Mr. JENNINGS. How do you propose to operate that voluntary program—do you propose to write the people and give them an opportunity to send money; and, if so, to whom?

Mr. ROZZONI. Well, we have in the cotton, we have a program that is voluntary. Mr. Poage knows that.

Mr. POAGE. I pay every time I send a bale of cotton to the gin. They do not ask me about it.

Mr. JENNINGS. It is just about as voluntary.

Mr. POAGE. I have never in my memory written an authorization to anyone to make such a contribution.

Mr. JENNINGS. Let me pursue this a little further. As I understand the Farm Bureau philosophy in opposing the checkoff and the advertising, it is the fact that you believe we should advertise overall products, all red-meat products, rather than advertising individual products, such as mutton and beef and pork—in the overall picture, is that correct?

Mr. ROZZONI. I did not mean that.

Mr. JENNINGS. What do you mean, because that is what I want—what are your views?

Mr. ROZZONI. In the first place, I said that all meats do not have the same source of income or the same amount of income.

Mr. JENNINGS. That is correct.

Let me use this as an illustration since it was mentioned by Mr. Short.

Do you feel the automobile industry should get together and advertise automobiles only, rather than the Chevrolet Division advertising Chevrolets, and Buick advertising Buicks, and Ford advertising Fords, or should they get together on an overall program and advertise that the American public use automobiles and then leave it to the individual discretion as to whether they will buy Chevrolets or whether they will buy Cadillacs or Fords or Lincolns or Plymouths or Dodges?

Mr. ROZZONI. Mr. Jennings, I think that you would give me a little more credit than you have given to me in this last statement.

Mr. JENNINGS. I should?

Mr. ROZZONI. Yes, you should, because I think I know merchandising a little bit since I spent many years in merchandising.

I like to say that we California people have the best lamb in the world. That is what we like to say.

Mr. JENNINGS. Of course, I disagree with you right there.

Mr. ROZZONI. That is my idea, you see. That is what makes the world go round, that is, ideas.

I, also, believe that I, as a merchandiser, the owner of the Y market or the X market, handle the best of lambs that are sold in that area. I take pride in that.

So I am not going to advertise lambs and say, "Eat lamb, it is good for you." I am not saying that.

I, also, like to say to you that the growers will bear me out that we are producing a lamb in accordance with the feed, mostly, not in accordance with the demand of the consumer.

Mr. JENNINGS. I am just reading from your statement here:

The fact that the Government has been checking off funds from payments due woolgrowers and turning them over to a private group for advertising and promotional activities has stimulated demands for legislation to make possible the use of checkoffs to establish separate competing organizations for beef, pork, and lamb in each State or market area. This could prove extremely costly and wasteful for livestock producers.

We, therefore, feel that section 708 should be deleted from the act before it is extended.

Mr. ROZZONI. That is right.

Mr. JENNINGS. Well, do you feel, then, that this advertising that you are talking about there, the promotional activity, to promote your area, or your particular product, is not sound?

Mr. ROZZONI. Here we are talking about a compulsory mention of checking off. We are not opposed to promotion programs.

Mr. JENNINGS. That is all.

Mr. POAGE. Anybody else?

Mr. HAGEN. I would like to ask one question. Do you feel that this wool program has created a state of imbalance in the production of sheep, with the current production of sheep?

Mr. ROZZONI. No; I don't think so. I think that we put too much emphasis on compensatory payments as a means to produce an income for the sheep people.

Mr. HAGEN. In other words, as I got it from your statements, 75 percent of the gross return to the sheepman in some areas is the carcass value; is that correct?

Mr. ROZZONI. That is right.

Mr. HAGEN. And that varies area by area?

Mr. ROZZONI. Yes.

Mr. HAGEN. In some areas such return is only, apparently, 40 percent, but if you can institute a program of payment on the wool which would produce more sheep, that would be to the detriment of the man who is getting 75 percent for the carcass, and you are creating competition for him—is that the implication of your statement?

Mr. ROZZONI. Well, if you have an imbalance—well, if areas produce more wool, for instance, than sheep, than some other area, than that area, of course, would have a stronger source of income.

Mr. HAGEN. And presumably such a program creates artificial competition for such areas which can most efficiently produce sheep for meat.

Mr. ROZZONI. I am not asking for a perfection because there is no such thing as perfection.

There is bound to be some areas in there where one area will be affected adversely and others will be affected more beneficially.

Mr. HAGEN. That is all.

Mr. JENNINGS. I wanted to ask you one further question.

Do you favor the inclusion of this wool program in the overall farm bill or do you favor legislation separately?

Mr. ROZZONI. This, as I said before, is a commodity that stands out by itself. It should be treated by itself and not included.

Mr. JENNINGS. Then you favor the commodity-by-commodity approach rather than the overall approach?

Mr. ROZZONI. No. I did not say that.

Because, as I said, this is a commodity that stands out by itself. Congress said that it must stand out by itself.

Mr. JENNINGS. Yes.

Well, I think that the wheat people feel that theirs is a special commodity, also, and the corn people feel that theirs is a separate commodity, also. The dairy people feel that theirs is a separate commodity.

And Congress has so stated, because of the many acts which we have in those fields.

I know that different situations exist in each of these commodities but should we approach them on a commodity-by-commodity basis, to write separate pieces of legislation for them, or should we include them in an overall agricultural bill?

Mr. ROZZONI. I do not think that a commodity-by-commodity basis will solve the problem. I think that, commodity by commodity, we are going to get into worse problems than we are in at the present time.

I believe that if a commodity that has an impact on another commodity, it should be considered with another commodity.

Mr. HARVEY. Will you yield?

Mr. JENNINGS. Yes.

Mr. HARVEY. I think there is one point that appeals to me that ought to be clarified at this point.

Certainly, I do not think any of us, in thinking of the solution to the problems, would say that we want a common medicine for all of them.

You are not saying that, are you?

Mr. ROZZONI. No.

Mr. HARVEY. I am sure that you are not. I think that this is not at all in conflict with what the gentleman from Virginia is saying.

I notice in a great deal of the writing that has been appearing about the commodity approach, we are presumed to be thinking of each commodity as an individual problem. Commodities that are produced in the Midwest, in my section, for instance, require a different approach than those of another area, yet they must also be considered as part of the whole.

That is all.

Mr. POAGE. We are very much obliged to you, Mr. Rozzoni.

Mr. HARVEY. I would like to ask Mr. Rozzoni this, if he favors promotional work being done by the American Meat Institute?

Mr. ROZZONI. Yes; very much so.

Mr. HARVEY. Thank you.

Mr. POAGE. Do you favor the checkoff that they have—

Mr. ROZZONI. Mr. Poage, I do not envy your position; you all have to represent all of the people, and I know that you are trying to get as much information as you can get or would like to get.

I can say to the agency that checks off my 2 cents or 3 cents a head to stop doing it.

Mr. POAGE. Do what?

Mr. ROZZONI. I can say to the agency that deducts the 2 or 3 or 4 cents per head—

Mr. POAGE. Yes?

Mr. ROZZONI (continuing). I can say to that agency: "I want my money."

Mr. POAGE. Yes.

Mr. ROZZONI. All of it.

Mr. POAGE. Just a few moments ago I understood you to tell Mr. Short that was not a voluntary checkoff, where a man had to go several thousand or several hundred miles to get his money which you would have to do in that instance.

Mr. ROZZONI. All I said, all I have to do is to tell the commission firm, or I don't sell to that firm.

Mr. POAGE. That is right but under the bill which your organization fought so bitterly, under that bill we specifically provided that anybody who objected to the checkoff could notify the market agency, either before the sale, when no checkoff would be made, or any time within 30 days when the money had to be refunded to him. That was specifically provided.

You said that was not voluntary. You said that was a compulsory checkoff.

Mr. ROZZONI. I said there is—

Mr. POAGE. You think that when somebody else does the same thing, it is not voluntary.

Mr. ROZZONI. I happen to be president of a marketing organization. We have one auction that does not deduct. We have one that does. Then after a while they have to deduct for the meat board—

Mr. POAGE. Is it a voluntary deduction, to your way of thinking?

Mr. ROZZONI. In my way of thinking, if the person does not like to consent, because they deduct, and there is another organization across the street that does not deduct, he can go over there.

Mr. POAGE. That is right. Under the bill that your organization killed—I think you are entitled to the credit for it, and deserve it—there was a specific provision that all the producers of the livestock had to do was to notify the marketing agency that he did not want any deduction made and they could not make it.

He could demand his money back within 30 days and they had to refund it.

Do you think that is compulsory?

Mr. ROZZONI. I said that it is difficult for the man that has 30 or 40 cents coming to travel 50 miles or a thousands miles to get it—I don't know what the distance is—what it may be to get his 30 cents back.

Mr. POAGE. Is it not just as difficult for him to get it back from the meat board?

Mr. ROZZONI. He does not have to assign it there.

Mr. POAGE. He did not have to under the bill you killed, either.

Mr. ROZZONI. Going to an agency—all agencies under the bill that was proposed would have to deduct, that is right, unless the grower said not to.

Mr. POAGE. No, sir.

Mr. SHORT. No, sir. This was simply an amendment to the passage of the Stockyards Act that would permit you, if they so desired.

Mr. POAGE. That is it.

Mr. SHORT. The point is that there is a provision in the law, in the Packers and Stockyards Act, that restricts deductions of any kind being made from the proceeds of sale of livestock, unless authorized by the owner of the livestock.

There is no such restriction with regard to the cotton program. There is no such restriction on dairy people, or on the poultry people.

They are doing these things. There happens to be this restriction inadvertently in the law. It was never intended, I think, to restrict this sort of thing. All we ever intended to do was to remove this restriction and make it permissive. We did not want to make the deduction, if you did not want it.

In my State the markets do not all make it. We do not particularly quarrel with them. That is their determination; that is the complete voluntary aspect of it. That is all we were ever asking for.

Mr. POAGE. Go one step further.

At the present time the beef council has sent out cards and individuals have signed those cards, and livestock producers have sent them back inviting the market agency to make the deduction payable from the receipts. The president of the beef council sent those out. You oppose that?

Mr. ROZZONI. No.

I don't know. We have the beef checkoff in California. We have the voluntary beef checkoff in California.

Mr. POAGE. Do you favor the proposition of letting these people who send in written instructions to the market agency to make a checkoff? Do you favor that deduction being made?

Mr. ROZZONI. Personally, I don't.

Mr. POAGE. You do not?

Mr. ROZZONI. No.

If the man wants to do something or contribute something by himself, that does not make it mandatory on me, his neighbor, to do the same thing; I think he is entitled to do what he wants.

Mr. POAGE. All right.

Thank you very much, Mr. Rozzoni. We are very much obliged to you.

Mr. ROZZONI. Thank you.

Mr. POAGE. I see that we have Mr. Denslow here to make a statement for the National Grange next.

I now have the statement from Mr. James G. Patton, president of the Farmers Union. As I explained yesterday, Mr. Patton asked if it was necessary to come up here and I told him it was not.

He said that he was in favor of the extension of the act. He asked me to insert a statement to that effect, and, without objection, it will be inserted and made a part of the record here.

(The statement referred to is as follows:)

NATIONAL FARMERS UNION LEGISLATIVE SERVICES,
Washington, D.C., April 20, 1961.

Hon. W. R. POAGE,
Chairman, Subcommittee on Livestock and Feed Grains of the House Agriculture Committee, House Office Building, Washington, D.C.

DEAR CONGRESSMAN POAGE: Farmers Union is fully in support of your bill, H.R. 3680, and other similar bills to extend the National Wool Act.

Members of the subcommittee are thoroughly familiar with the implications to national welfare and security, if the Wool Act is not extended.

The need for extending the Wool Act is matched by similar needs to improve the depressed farm income situation generally, and to solve similar adverse conditions of other farm commodities, which have resulted in low prices and incomes to producers.

We present the following principles for your consideration in connection with the extension of the Wool Act:

(1) Parity farm income should be the goal. Price parity formulas should be replaced by income parity formulas based on the definition in existing law.

(2) The best chance farmers have to earn a parity of income is to acquire greater control over the price and supply of their commodities. This applies to wool as well as other commodities.

(3) Farmers generally need and desire the assistance of Federal programs and devices such as the Wool Act to improve their market position and greatly strengthen their bargaining power in commodity markets.

(4) Commodity programs for stronger bargaining power must be carefully tailored to the unique needs and characteristics of particular groups of economically related commodities, and of separate individual commodities. This has been done in the case of wool but has not been applied to lambs and mutton.

(5) When several individual commodities are closely and economically inter-related, such as feed grains and livestock, they should be handled within a single integrated commodity-group program.

(6) Workable devices to enable farmers to keep market supplies in balance with demand are needed so that the income-protection program per se will operate without cost to the Federal Treasury in years of full prosperity and full employment. Operation of the combination wool program is not a net cost to the U.S. Treasury.

(7) Authority to use parity income deficiency, or other compensatory payments in workable combinations with price supporting loans and purchases is needed as a safeguard to consumers in periods when market demand drops from growing unemployment owing to economic recession or depression and to reduce the attraction of the U.S. market to unusual and unnecessary imports. Such payments are a central feature of the wool program.

(8) The several phases of the system of commodity programs should be designed to fit the needs of economically adequate family farms but should not extend unlimited eligibility to larger than family-size industrialized agricultural production units. This provision should, we feel, be added to the Wool Act, when it is extended. This could take the form of a maximum limitation upon the total wool payment to any one producer in any one year.

(9) Safeguards should be provided to prevent destruction of the commodity programs by unlimited imports at prices less than the parity income equivalent level. This consideration is adequately fulfilled by the combination wool program under the act.

These principles, we believe, merit the broad support of taxpayers and consumers as well as farmers.

We extend to the House Committee on Agriculture our full cooperation to develop the legislation farmers need to improve their income. We continue to recommend that various programs, including the wool program, be operated so as to expire on the same date.

We understand that some consideration is being given to including provisions to extend the Wool Act in the Agricultural Act of 1961 and we approve of such procedure.

Sincerely,

JAMES G. PATTON, *President.*

STATEMENT OF L. ALTON DENSLOW, ASSISTANT LEGISLATIVE COUNSEL, NATIONAL GRANGE

Mr. DENSLOW. At the 94th Annual Session of the National Grange last November the following resolution was adopted:

Whereas, during the 20-year period before the National Wool Act became law in 1954, domestic woolgrowers faced one uncertainty after another in the market outlook for their product; and

Whereas the wool tariff reduction in 1948 under the Trade Agreements Act provided protection equivalent only to approximately 20 percent of the price received by producers compared with 77 percent in 1930; and

Whereas shorn wool production in the United States has increased from 235 million pounds in 1954 to 265 million pounds in 1960: Therefore be it

Resolved, That in order to attain the congressional goal of 300 million pounds per year production, the Grange favors extension of the National Wool Act of 1954.

For many years the Grange has advocated the commodity-by-commodity approach to the problems which beset our farmers. We have also recommended that, wherever possible, a self-help mechanism should be a basic feature of farm program planning, and that the national interest is best served by programs designed to assure adequate levels of domestic production which will move to market at fair prices rather than to Government storage.

The Wool Act of 1954 provides these features. The Grange, therefore, supported this legislation at the time it was proposed and passed. And, today, after 6 years of experience with the program, our support continues. We feel that extension of the act is justified from the standpoint of producers and in the public interest.

We note that some of the bills being considered by the subcommittee would make the legislation permanent, whereas others, as well as the general farm bill introduced the day before yesterday, would extend it for 3 years only. The period of extension, in our opinion, should

be determined in the light of the favorable 6-year experience which we have, and should be long enough to encourage producers to continue the slow but steady progress toward achieving the desired 300-million-pound annual domestic production of shorn wool. Consideration of these factors may well warrant the conclusion that this extension should be for a longer period than was deemed adequate at the first extension.

Mr. POAGE. Thank you very much, Mr. Denslow.

Are there any questions of Mr. Denslow?

Mr. SHORT. No questions.

Mr. POAGE. If not, we are very much obliged to you, Mr. Denslow.

Mr. DENSLOW. Thank you.

Mr. POAGE. We will now hear from Representative Wayne Aspinall.

**STATEMENT OF HON. WAYNE ASPINALL, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF COLORADO**

Mr. ASPINALL. Mr. Chairman, it is a pleasure for me to appear once again before this committee in behalf of the extension of the National Wool Act. I testified before this committee 3 years ago when a temporary extension of the program was under consideration and I am here today to urge the permanent extension of the Wool Act as provided in H.R. 3680.

I know the members of the committee are well acquainted with the success of this program since its inception in 1954, and I shall not take the committee's time to go into detail with regard to a program that has already worked so well for some 7 years.

The National Wool Act has the support of those most directly concerned with its operation—the sheep producers themselves. My district is one that produces some of the finest wool and lamb in the country. I know of no opposition to the National Wool Act among the sheep producers in my district. On the contrary, they support it wholeheartedly as a program that has accomplished a great deal for the industry.

Mr. Chairman, this support of the permanent extension of the National Wool Act is best expressed by the following excerpt from a telegram which I have received from Mr. Robert Field, executive secretary of the Colorado Wool Growers Association.

Mr. Field's telegram states that—

* * * This association representing Colorado sheep producers endorses permanent extension of the Wool Act as providing a greater degree of stability for our industry.

I appreciate the opportunity of appearing before this committee and I hope that you will take favorable action on legislation providing for the permanent extension of the National Wool Act.

Mr. POAGE. Thank you.

Mr. ASPINALL. Thank you.

Mr. POAGE. Our next witness is Mr. Edwin Wilkinson, president of the National Association of Wool Manufacturers. We will now hear from you.

**STATEMENT OF EDWIN WILKINSON, PRESIDENT, NATIONAL
ASSOCIATION OF WOOL MANUFACTURERS**

Mr. WILKINSON. My name is Edwin Wilkinson and I serve as president of the National Association of Wool Manufacturers, 386 Park Avenue South, New York, N.Y.

The association is a national trade organization with members in all the wool manufacturing areas of the country. Its members account for about 70 percent of the textiles produced in the United States on the woollen and worsted systems, excluding carpets and rugs. As the sole customer of the American growers of sheep's wool, this industry has a deep and continuing interest in wool legislation.

The National Association of Wool Manufacturers supported the wool incentive program when it was introduced in 1954, when it was renewed in 1958, and today it again urges its extension. We agree wholeheartedly with the declaration of policy by the Congress that "as a measure of national security and in promotion of the national welfare" it is desirable "to encourage annual domestic production of approximately 300 million pounds of shorn wool, grease basis."

Production figures show there has been an upward trend in American wool production under the present program, clearly indicating that the law has the potential of achieving its goal and should be extended. We believe its goal is a valid one and that, in the absence of any drastic change in the underlying conditions, the act should be extended until this goal is achieved and its built-in terminal point becomes operative. Extension in this manner would eliminate periodic uncertainty and confusion among both woolgrowers and manufacturers.

They have a multitude of problems which require their attention without having to wonder from time to time whether the law will be extended or radically changed.

Extension of the law, with such assurance, would promote stability and confidence in both the woolgrowing and manufacturing industries and thus promote the national welfare, one of the aims of the act.

Manufacturers regard the National Wool Act as a vast improvement over the nonrecourse loan program is supplanted. Under the old loan program, wool piled up in Government warehouses to the detriment of both growers and mills. Under this act wool flows freely into the marketplace without Government interference and generally it is competitive with manmade fibers and must remain so if wool is to maintain and enhance its position as the outstanding textile fiber.

The incentive program is a means of increasing the domestic supply of wool, in effect a stockpile, as a source of a fiber of vast importance in case of war or emergency.

As I said at the outset, we agree wholeheartedly that an adequate wool supply is required for national security but point out also that the supply of the raw material is a plus only if this country has the mills needed to convert it into essential military and civilian articles.

The self-help provisions of the present law, enabling the growers to promote wool, naturally are of interest to the wool textile industry. In fact, many mills have joined with the growers in financing Woolens & Worsteds of America, an agency whose aim is to point up the

attributes of American-made wool products and explode the myth of the superiority of imports.

The import problem of the textile industry is not the subject of this hearing but that is not to say it has no bearing on extension of the Wool Act. It is significant that in 1960, imports of wool in manufactured form amounted to 54 million pounds, equal to about 50 percent of wool shorn in the United States in 1960.

Thus, these imports of wool tops, yarns, fabrics, and woven and knit apparel struck not only at American mills and apparel manufacturers but also at the growers. The imports run counter to the aim of the act to increase domestic wool production "as a measure of the national security and in promotion of the national welfare."

We strongly urge members of this committee also to support the growers and the textile and apparel industries in their current efforts to achieve meaningful quotas on textiles and apparel by product categories and by countries of origin and thus advance congressional policy.

In summary, we believe the National Wool Act is stimulating the production of wool. We believe it is in the national interest as well as in the interests of the growers and the mills. We favor extension of the act and endorse the Poage bill, H.R. 3680.

Mr. POAGE. Thank you very much for your statement.

Are there any questions? If there are no questions, we are very much obliged to you.

Mr. WILKINSON. Thank you for the privilege of appearing.

Mr. POAGE. Now we have Mr. Richard Goodrich representing the Boston Wool Trade Association, the Philadelphia Wool & Textile Association, the New York Wool Trade Association, and the National Wool Trade Association.

Mr. Goodrich, we will be glad to hear from you.

**STATEMENT OF RICHARD I. GOODRICH, REPRESENTING THE
BOSTON WOOL TRADE ASSOCIATION, PHILADELPHIA WOOL &
TEXTILE ASSOCIATION, NEW YORK WOOL TRADE ASSOCIATION,
AND NATIONAL WOOL TRADE ASSOCIATION**

Mr. GOODRICH. My name is Richard I. Goodrich, and I am president of the Boston Wool Trade Association.

I am speaking for the Boston Wool Trade Association, the National Wool Marketing Corp., the National Wool Trade Association, the Philadelphia Wool & Textile Association, and the New York Wool Trade Association.

These organizations strongly support and urge the passage of H.R. 3680 to extend the National Wool Act of 1954, as amended, and make such act permanent.

The members of the various organizations for whom I am speaking are buyers, sellers, handlers, and processors of both domestic and imported raw wool.

We believe wool is the ideal fiber for the comfort and welfare of man.

The United States of America is a deficit wool-producing country, and currently we import one-third to one-half of our national consumption of raw wool for apparel purposes.

We believe it is of paramount importance that the United States of America have a sound, strong, and increasing woolgrowing industry.

The Office of Civil and Defense Mobilization has ruled that wool textiles are of vital importance to national security. It would be a catastrophe if our domestic woolgrowing industry, without the support of the National Wool Act, would decline greatly in volume produced and leave our country dependent largely on wool imported from foreign sources.

It is therefore important that we have an ever-increasing supply of domestic wool for our mills.

Wools in foreign markets are open to bidding and purchase by any free or Communist-controlled country in the world. I know of no easier way for the Communists to damage our domestic textile industry than by buying up or by forcing up the price of foreign wools to the detriment of our textile economy. With their state-controlled economy they could do just that if it suited their purpose.

Remember, Mr. Khrushchev stated, "We will bury you economically." That the Russians consider their domestic supply of wool of vital importance is shown by the fact that they are in the midst of a 5-year program to increase their domestic production of wool to where it will be the largest in the world, greater even than the Australian wool cut. It is now the second largest.

Communist China is also building up her wool and textile economy.

The combined organizations for which I am speaking consider it of paramount importance that the National Wool Act of 1954 be extended permanently, in order that the woolgrowing industry in the United States reach the objective under this act of 300 million pounds of shorn wool a year, and without the act our wool production could decline to a dangerous level.

We also strongly support all measures for the assistance of every segment of the agricultural economy.

Mr. Poage and members of the committee, we urgently need the permanent extension of the National Wool Act for the benefit not only of the wool producers but of the entire wool industry of the United States, the well being of our citizens and the strength of our national economy.

I thank you, sir.

Mr. POAGE. Thank you. Are there any questions? If not, we are very much obliged to you for being with us.

Our next witness is Mr. Don Clyde, president of the American Sheep Producers Council.

STATEMENT OF DON CLYDE, PRESIDENT, AMERICAN SHEEP PRODUCERS COUNCIL

Mr. CLYDE. Chairman Poage and members of the committee, I know you are running too short on time for me to give this paper.

Mr. POAGE. We will be glad to have you put the paper in the record and make such remarks as you care to.

Mr. CLYDE. I would like to do that, Mr. Chairman.

Mr. POAGE. Without objection it will be done.

Mr. CLYDE. I would like to say that copies of my statement were sent here to the hotel where I expected to stay. However, there was 73 cents postage due, so the post office took them back and now they cannot find them. I will have to locate them and file them with the committee sometime this afternoon, with your permission.

Mr. POAGE. That will be granted.

Mr. CLYDE. I represent the American Sheep Producers Council. This statement is too voluminous for me to cover fully in the time allowed. This statement, of course, pertains to that section of the Wool Act which seems to be somewhat controversial, section 708.

I had hoped to have sufficient time to go into the program and explain rather thoroughly how the money is expended. We think it is expended wisely although it was inferred this morning, that it was somewhat of a waste.

The American Sheep Producers Council has been in operation approximately 5 years and we have been expending, under the program, about \$3 million annually, divided between the two products, wool and lambs. A little more of the money, proportionately about 57 or 58 percent, goes to promote lambs and the balance goes to promote wool.

We do this, of course, through all manner of advertising media and by direct contacts. We have a corps of meatmen who cover about 25 or 30 cities and work primarily with the chainstores. They cover a lot of territory. Last year they made something like 5,000 contacts.

We, also, have a group of home economists, women who travel throughout the United States on lamb projects. These women work only half time. We are able to get high-class women who have been employed in the universities in such employment and then have married, so we only employ them half time, but they do a tremendous job for us on lamb.

For wool, we also have a group of women, about 45, and they put in full time. Sometimes these people are able to work both wool and meat but sometimes it is not possible to operate this way.

We use other media: newspapers, radio, television. We use every media possible to stress the word about wool and meat.

There have been a few questions raised this morning on which I would like to comment. It was said this morning that money was collected and turned over to a private organization to expend. I do not know what their definition of private is, but there are 20 sheep councils in the United States which represent all the sheepmen in the United States. Each council is represented on the governing board of the ASPC. If they pay in \$25,000, they have a delegate. If they pay in \$100,000, they have a director.

Let us talk about, for instance, a State. I will take my own, which is Utah. We pay in around \$125,000. So we elect five delegates. Those five delegates are elected annually at the regular convention. Then those five delegates select from their own members, a director. That director becomes 1 of these 39 directors that governs the American Sheep Producers Council.

So this is not a private institution. It is a duly elected body of woolgrowers, elected by the woolgrowers of the United States.

Mr. SHORT. Could I interrupt there—

Mr. CLYDE. Yes.

Mr. SHORT (continuing). For clarification. At what convention are these delegates elected? Is that the woolgrowers association or the National Sheep Producers Council?

Mr. CLYDE. Wherever there is a regularly constituted woolgrowers association, and there is in most every State they originally served as the nucleus for organizing sheep councils in States or areas, based on sheep numbers. There was no problem in the West but in the East it was necessary for several States to band together to form area councils. Also in some States councils were formed by coalitions of existing organizations.

For instance, in the State of Ohio, they have half a dozen such organizations. They met jointly and organized a State council as I have described. Every effort has been made to get full representation of the woolgrowers in all areas.

Mr. SHORT. The point I am trying to clarify is—and I think this is one of the points that has been of some concern to people—is whether or not a completely new organization has grown up or is this an arm of the existing woolgrowers association?

Mr. CLYDE. Well, I think—

Mr. SHORT. I realize that it is a little of both. Getting back to my question about where were these directors of the American Sheep Producers Council elected, in the Western States, which are the primary sheepgrowing States, they are elected at the convention of the woolgrowers; is that right?

Mr. CLYDE. That is right, but at that time the convention is usually adjourned and they meet as a council so that other organizations can be represented.

Mr. SHORT. Very well. Thank you.

Mr. POAGE. That is the bell for the call of the roll in the House. We will have to stop.

Mr. CLYDE. I am afraid, Mr. Chairman, it will take more time than you have to complete my statement.

Mr. POAGE. That is the bell for the rollcall in the House. We will have to stop.

Without objection the Chair will insert into the record at this point a statement by Representative M. Blaine Peterson; a telegram which Representative Harvey received from the Indiana Sheep Breeders Association; telegrams received by Ralph Beermann, Glenn Cunningham, and David Martin from the Nebraska Wool Growers Association, and one received by Representative Beermann from the Midwest Wool Marketing Co-op.

(The communications follow:)

HON. W. R. POAGE,

Chairman, Subcommittee on Livestock and Feed Grains, House Committee on Agriculture.

MR. CHAIRMAN: I would like to compliment the committee for the prompt attention they have given to hearing the wool bill proposals. I appreciate the opportunity to make a statement for the record supporting the extension of the National Wool Act of 1954.

The raising of sheep and the production of wool is one of the most important agricultural industries in my State of Utah. While wool is grown in every State of the Nation, the sheep industry is an especially important segment of agriculture in my own State of Utah where approximately 12 million pounds of wool are produced annually. In my State and most of the others in the West and Southwest, the production of sheep, lambs, and wool is vital to the economy of the area. Sheep production puts to good, practical use many arid

lands that would otherwise be wasted, thereby providing tax revenues for our roads and schools.

Since the inception of this new program, the Government no longer is in the wool merchandising business and our former stockpiles have entirely disappeared. Furthermore, the Wool Act is fulfilling its purpose of halting the former downward trend in wool production and is enabling the sheep industry to move toward the goal set in the act for an annual production of 300 million pounds of shorn wool. It has sustained the wool producer economically and at the same time maintained our wool industry so we would not be dependent on foreign countries for supply.

My bill H.R. 4159 asks that the provisions of the National Wool Act be extended permanently. I respectfully request the committee to give it favorable consideration.

Mr. Chairman, I would like to have placed in the record a letter I received from the Utah Wool Growers in which they completely endorse an extension of the present Wool Act.

Thank you, Mr. Chairman.

M. BLAINE PETERSON,
Member of Congress.

UTAH WOOL GROWERS, INC.,
Salt Lake City, Utah, April 17, 1961.

Congressman M. BLAINE PETERSON,
House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PETERSON: This will acknowledge receipt of your letter of April 14, 1961. We are pleased with your interest in working out additional loan through the Farm Home Administration, as the industry is certainly in a very unfortunate condition.

We are advised that on Wednesday, April 19, there will be hearings on the various wool bills. We shall appreciate you supporting a wool bill without an expiration date, or until the total production reaches 300 million pounds of shorn wool.

The present condition of uncertainty in foreign countries is ample evidence that the wool industry should be supported so that we will not be entirely dependent on foreign countries for our supply.

Will you please have inserted in the records of the hearing, the position of the Utah Wool Growers.

Yours very truly,

JAS. A. HOOPER, *Secretary.*

LAFAYETTE, IND., *April 20, 1961.*

HON. RALPH HARVEY,
House Office Building,
Washington, D.C.:

Indiana sheep breeders endorse permanent extension National Wool Act. Request this wire be included in hearings.

H. D. MCCORMACK,
President, Indiana Sheep Breeders Association.

KANSAS CITY, Mo., *April 19, 1961.*

HON. RALPH E. BEERMANN,
Agricultural Committee, House of Representatives,
Washington, D.C.:

Strongly urge working for permanent extension of the National Wool Act. This will best serve industry including Midwest's 10,000 members and U.S. interests.

ANDREW J. SWANSON,
President, Midwest Wool Marketing Co-op.

(Telegrams, identical to the following, were received by Representatives Ralph Beerman, Glenn Cunningham, and David Martin.)

MINNEAPOLIS, MINN., April 17, 1961.

House hearings for wool legislation will start Wednesday; 7,328 wool producers of Nebraska will be very grateful for your support for permanent extension of National Wool Act as outlined in the brochure sent you recently by National Wool Growers Association with whom we are affiliated. We would also appreciate your having this wire included in the hearing record.

CARL J. NADASDY,

General Manager, Nebraska Wool Growers Association.

Mr. POAGE. We will now recess and come back here at 2 o'clock.
(Whereupon, at 12:05 p.m., the hearing was recessed until 2 o'clock.)

AFTERNOON SESSION

Mr. POAGE. The committee will please come to order.
We shall proceed, Mr. Clyde.

STATEMENT OF DON CLYDE, PRESIDENT, AMERICAN SHEEP PRODUCERS COUNCIL, INC.—Resumed

Mr. CLYDE. Mr. Chairman, I was fortunate in raising that 73 cents and getting these manuscripts out of hock, and they have been distributed around the desk.

Mr. POAGE. I have one.

Mr. CLYDE. The American Sheep Producers Council was organized in 1955. We didn't receive any money until late the following year, so we have only been in operation since the spring of 1956.

The object of the Wool Act and its purpose is to increase the production of shorn wool to 300 million pounds.

The ASPC is governed entirely by sheepmen, with a board of directors of 39 men representing every section of the country. It is supported by contribution from 98 percent of the sheep producers in the Nation.

It might be interesting for you to know that sheep are raised throughout the entire United States. Of the 3,030-some-odd counties there are only 15 counties in the United States which do not have sheep.

By electing to promote their own products, sheep producers of the United States have indicated their desire to help themselves by establishing new markets for their products, so that they would not have to rely entirely on the incentive payment, which in itself, will not build a sound foundation for the future. The producers contribute their time, effort and money to broadening the demand for lamb and wool, and thereby permit this increased production to flow into channels of consumption without building up burdensome and prolonged surpluses.

Now, we in the sheep business, at least in my estimation, and I have been a woolgrower all my life, have done a pretty good job of producing a good lamb and a good fleece of wool. I am sure we are a long way from being perfect, of course. We have fallen down in that we have concentrated all our time on the production of our products. We have now reached a stage where there just isn't much of a market for them. So it seems to me that the big objective of the sheep indus-

try, if it is to survive, is to find a place to market our two products at a profit whereby the grower can receive enough money to pay his production costs and make a living. We haven't done that for the last 2 years, at least out in the western area. So in my estimation, 708 is a very important part of the Wool Act. If we cannot build in the minds of the consumer a desire to buy lamb and eat it, and to use wool and to wear it, then we just can't continue as an industry indefinitely.

We promote two products. Today we promote them in the face of severe competition. There never was a time in America when we had as many products on the market. They tell me if you go into one of these supermarkets today and see the thousands of articles there on the shelves, that 8 years ago, they had only had 50 percent of those articles. Everything is on a competitive basis, whether it is other meats or whether it is breakfast foods or whether it is amusements, everything is competing for the dollar. We people fall into that same class. We take in so much money and we spend it in a variety of ways. Unless we can, as I say, encourage people to broaden their use of our products, we just aren't going to survive as an industry. That is the whole purpose of 708, to try to the best of our ability to promote wool and lambs and get a wider consumer acceptance.

It should be pointed out that despite the fact that the sheep producer has his own promotion program for both his products, he still gives wholehearted support to the program of education conducted by the National Livestock & Meat Board.

We have no quarrel with the meat board nor with the meat institute, nor with the International Wool Bureau. We have no quarrel with any of those people. They are all advertising and promoting the same products that we are, and our relationship is very good with all of these people. We meet with them often, we review each other's programs, and we have the greatest respect for all of these people. The only reason we wanted to establish our own program, probably in contrast to the meat board, is that we are so low in the consumptive picture. Today meat consumption in the United States is around 186 pounds. Beef roughly constitutes about 82 or 83 pounds, lamb 4 pounds. Meat board money is expended in proportion to the amount paid in. This would mean that for beef, there would be \$20 expended by the National Livestock & Meat Board as compared to \$1 for lamb. With our product being low on the totem pole, we can afford that sort of contrast. We have no quarrel with the board, but we feel we have to do something more, something on our own.

Then, of course, the meat board does not advertise or promote wool.

In order to show the progress made in expanding sheep production as intended in the act, the U.S. Department of Agriculture revealed that the average total number of sheep and lambs on farms January 1, 1950, to 1955, was 31,213,000 head. By January 1, 1961, this number had increased to 33 million head or an increase of 1,700,000 head.

In the same period, the number of ewe lambs 1 year or older, which is the breeding stock, had increased from an annual average of 20,982,000 head to 22,552,000, an increase of 1,570,000 head, and so on. I give you those figures, and there are some more here to show that the Wool Act has stimulated production.

The sheep industry, during the decade from 1940 to 1950, went down 50 percent. We had approximately 50 million sheep in this country when World War II started in 1941, and we dropped down to about 27 million. The Wool Act was passed in 1954 and it has stimulated the production of sheep which have now increased to approximately 29 million head. Certainly no one can say it is not fulfilling its purpose.

We are increasing the production of sheep but so is the rest of the world. I have some figures here which might be interesting, Mr. Chairman. During the period, from 1950 to 1960, Australia went up 26 million sheep. New Zealand increased 13 million, Russia increased 44 million, Red China increased 18 million. Their goal, the Russian goal, is to be self-sufficient by 1965. According to their figures, they still have to increase by 20 to 30 million head.

Now, a question came up about referendum today. Sheep producers in the United States have, in the past, made it unmistakably clear that they approve of this promotion fund and the expenditure of their money for such a program. The first referendum, in the summer of 1955, before the program even got underway, was approved by sheep producers with 71.3 percent of the producers voting casting their ballots in favor of this promotion effort.

The second referendum, in September of 1959, again reflected overwhelming approval of the promotion program, final tabulation showing that producers owning 16,906,939 sheep favored the agreement and owners of only 3,947,566 sheep opposed it. On the basis of individual producer voting, the referendum showed 68.9 percent of the producers voting for the promotion program, and these producers owned 81 percent of the sheep in the United States.

There was considerable discussion this morning on this so-called checkoff system, and this referendum, which is compulsory, and I am sure I do not want to get into any argument about it. But I would like to tell you this one little incident. I think it will throw more light on the deal, Mr. Chairman, if I may?

Mr. POAGE. Certainly.

Mr. CLYDE. Out in Utah, 25 years ago, we were overrun with predatory animals. We had to do something about it. So for 5 years we went around and asked the growers, will you contribute so much, will you contribute so much? At the end of 5 years, we were worse off than when we had started. We had more coyotes and greater losses. I was losing 10 percent of my lambs to predatory animals.

We went to the State legislature, and we asked the legislature to pass a law putting a 35-mill levy on the valuation of sheep, turning the control over to the secretary of agriculture. He, in turn, asked for a recommendation of a 10-man board from the woolgrowers. Since that date, those 10 men have been elected annually, and in cooperation with the State Department of Agriculture in Utah, have eliminated the coyote problem, or the predatory problem in the State of Utah.

The State collects the money, I don't care what you call it. You can call it coercion or forced payment, a checkoff system, or whatever it is. But we completely failed under a voluntary program. But when we got a uniform tax of 35 mills, we were able to establish a program which has exterminated the predatory animal in Utah. Now, my thinking is that this promotion program will never work as long

as you deal with people, because some of them will pay and some of them will not pay.

This is a program from which everybody benefits, so we have to ask everybody to pay when they receive such benefits.

The wool incentive payments are derived from import duties on foreign wool. In this respect, the tariff is doing triple duty by allowing an incentive payment to the producers, providing a small measure of tariff protection, and permitting sheep producers to promote their own products.

Through the efforts of many woolgrower associations and other farm and livestock groups, this promotion organization was developed and organized in close cooperation with the U.S. Department of Agriculture. Every major farm organization in the United States was asked to participate in organizing the American Sheep Producers Council and to manage it. There is only one of the large farm organizations not represented on the governing board of ASPC and they have been asked repeatedly to join in our collective efforts.

We have two classes of membership. We have the class I members, consisting of the 20-State or area sheep councils which I mentioned earlier and which were formed by sheep and wool groups or organizations within a State or group of States.

Representatives for class I membership are determined on the basis of one delegate from a State or area sheep council for every \$25,000 or major fraction thereof paid into the promotion and advertising fund.

One director is allowed for every \$100,000 or major fraction thereof paid into the fund. Each of these 20 States or 20-State or area sheep councils is represented by delegates on the above basis, and at least one director. Every State has representation through these sheep councils.

Class II directors are something a little different. These members serve the sheep industry, but they are not required to be bona fide owners of sheep. The other directors are.

These directors represent the national farm organizations, such as the Grange, the Farmers Union, the National Wool Marketing Corp., the Midwest Wool Marketing, the Pacific Wool Growers, and the National Livestock Producers. They are each allowed one director on the board of directors of ASPC.

The directors of the council annually elect officers, including a chairman of the board and president, vice president, treasurer, assistant treasurer, and executive secretary.

Now, I know your time is short, and I do not want, Mr. Chairman, to use up a lot of it. You have been very considerate in hearing me and the rest of the witnesses. But I do want to mention the program in some detail. There was a time when the ASPC was first organized in which we cooperated fully with the International Wool Secretariat. We turned so much money over to them and worked with them on wool advertising, but this did not work out so well. We finally reached the point where we were importing so much wool and foreign goods, which was made up into garments and then into cloth that we did not feel we could support a program of advertising a foreign product any longer. So we agreed amiably with the International Wool Secretariat to cease operations with them. We spend our money, they spend their money. They spend it on advertising

the wool fiber as a fiber. We spend ours in advertising wool as a fiber and also as an American-made product. We realize we cannot keep all foreign wool out, or out of a garment, because there is going to be some foreign wool used and there will be some blends with synthetics.

We still meet with the wool bureau at least four times a year and we discuss what categories of advertising promotion each will take. We are not working at cross purposes, we are working with those people. They are spending in this country around \$1 million and we are spending around \$1,450,000 on wool entirely.

A situation has developed on this foreign wool which these manufacturers can tell you about better than I can. It has reached the point where it is hardly possible to buy an American suit of clothes. I listened to a man the other day out in Utah, and he said he was going down to buy a suit of clothes. He put on his overalls because, he said, "I know as soon as I get in, I'll have to wrestle with the clerk to get him to sell me a suit of clothes made out of American wool."

It is the same wherever you go. My wife went into the store the other day to buy some socks. I do not know where she got the money, but that is neither here nor there. The socks the clerk showed were from England, Italy, Japan—everywhere but America.

We are very much alarmed at these tremendous importations of foreign wool made up into clothing and into cloth. We have directed our activities the last 2 years to natural wool loomed in America. That is our slogan, and we are trying to convince the American public that anything which is made here is just as good as or better than that made abroad.

We are having an uphill fight on it, because that import label has been sold to the American public, and it is a pretty hard thing to get out of their minds.

I told you this morning about our organization. We use every media of advertising—television, radio, motion pictures, newspapers, sales training, and instore training. We have people calling wherever there is a sale or a group interested in either lamb or wool. We are also trying to do something with the mills and the manufacturers. We have formed an organization with them known as Woolens and Worsteds of America. We are trying to work out a program in which we have a united front.

It used to be, Mr. Chairman, that when the wool manufacturers and the sheepmen got together you just about had to tie their hands behind them. Their relationship was not good. We did not have harmony or a decent working relationship. Now we have established this organization with the mills, the manufacturers, and the cutters. They put money into it, we put money into it, and we are trying to reestablish that American wool, grown and loomed in America is the finest cloth and makes the best garment there is.

Most of our advertising is done cooperatively with other interested organizations. They put in so much money—maybe it is 50 percent, maybe it is a lesser or a larger amount and we furnish the balance. Last year, we entered into a program with Leslie Salt Co., and they put in 70 percent and we put in 30 percent.

This is a curious combination but as these people said, "We sell salt all over the western United States; our salesmen could just as well be

selling meat and wool, because your animals eat our salt." This is typical of some of the work we have done, and the more cooperative advertising we can get the further it stretches our dollar and makes our funds go farther.

We have been running, wherever we can and without any additional expense, certain experiments. We ran one with certain newspapers, in which they polled a tremendous lot of grocery stores, chains and independents and little corner stores. They came up with an analysis that wherever we have worked as ASPC, we have been able to increase the consumption of meat about 21 percent.

Down in the State of Florida, we have an experiment going which I think is interesting, because it brings out two or three points. We went in there about 2 years ago. One of the universities was doing some sociological work with a certain number of families as to their diets and what they ate. So they volunteered to put on a reasonable amount of meat promotion there to see what results would be.

In 2 years, we increased the amount of meat consumed in the Atlanta area by a half million pounds. We think that, on a percentage basis, it hits just about a 20-percent increase.

These people are running this same test on all kinds of meat. Although lamb gained some 20 percent, beef and pork and veal also increased a few percent in each case. I bring this out to pinpoint it so that when people say that if you advertise lamb, you are going to take it away from beef, you are going to take it away from pork, or you are going to take it away from veal; that actually did not happen in the Atlanta area. We increased the consumption of all meats in each instance. So we are not just taking it out of one pocket and putting it in another.

Mr. Chairman, we feel we have a good organization in the American Sheep Producers Council. It is not a high-salaried organization. We do employ men whom we consider efficient and effective in their field, and we do have to pay them pretty good salaries. But we are trying to spend this money just as economically as we possibly can. We do not have any soft chairs or any plush rugs on the floor. There is nothing but linoleum, and the chairs are all hard. We are not wasting money. We are trying to do a good job. The directors meet twice a year—there are 39 of them and there are some very brilliant minds among these men—and they survey the program. If there is something they do not like, they immediately kick it out or call it to our attention. We are trying to do a good job. We think we have expert advice in everything we undertake. We are not spending any of this money unless it can be spent to effectively advertise wool and lamb.

We have one program I might mention briefly. We have a Miss Wool contest. This originated down in Texas. I am sure the chairman will know something about this. We send 20 girls from all over the United States to San Angelo where a Miss Wool of America is selected. Miss Wool travels all over the United States for the rest of the year and does a lot of good advertising for us. The project is now being sponsored more or less by the Woolens & Worsteds of America organization which includes membership of the mills and the manufacturers.

We have one other program, the make-it-yourself-with-wool program. We have 10,000 girls competing in this with their finished garments made of wool. It is a program in which we are spreading the news of wool. We are trying to teach the young women of tomorrow how to sew, sew properly, and how to dress themselves effectively.

We make a special point of getting into the schools. We have a special school program. We are recommended very highly by all the school districts in which we are operating. We furnish them with booklets or courses on wool and we teach those youngsters what wool is and how good it is.

We also provide them to some extent with lamb. We are teaching them to eat lamb. After they eat it there just is not any trouble getting them to like it.

That, Mr. Chairman, is pretty much the program. We feel that section 708 must be continued. As a sheepman, I would like to speak for the act itself. It has been the salvation of the people in my vicinity, and we think that 708 is an opportunity for the sheepmen to do something to help themselves.

We do not think that Government assistance can go on indefinitely. We do not know how long so we want to create in the minds of consumers a desire to eat lamb and to use and buy wool. We are trying to engineer a good program and I think it is effective.

Thank you.

Mr. POAGE. Thank you very much, Mr. Clyde. We appreciate your statement.

Before we proceed any further, I want to call the members' attention to the fact that we have a note here from our colleague, Mr. Breeding, who is on the floor, and he says that he expects a rollcall vote within 15 minutes. We have a request for only 5 minutes more time, except for the questions.

If you want to ask questions of Mr. Clyde, proceed.

Mr. SHORT. Just one question that I would like to ask of you, Mr. Clyde.

Would you have any objection, would the Sheep Producers' Council have any objection, to revising the law to make the checkoff at least recoverable upon application, making it voluntary to that extent? That it would still be automatic, which would remove this argument that this is something which is positively compulsory for people who do not subscribe to the idea of promotion of wool.

Mr. CLYDE. Mr. Short, I would have no objection. My only fear would be that some people would pay and some people would ride. I just cannot see any way in the world to get enough money together to make an effective program if you leave it up to the individual to say, "Well, I shall pay or I shall not pay."

Mr. SHORT. You are not leaving it up to the individual completely. I am not suggesting that. I am suggesting that you make it recoverable upon application by the individual if he so desires, and I do not think there would be one-half of 1 percent of them that would ever ask for a refund.

Now, this gets to be the key, it seems to me, to leaving the producers control of these programs. This, I think, is one of the things that is going to be due for serious consideration. As time goes on, we in Congress get into the position of having something to do with passing

legislation that sets off, authorizes, legalizes the collection of funds for promotional purposes for various producers groups. It just so happens at the present time the livestock people are the only ones that are inadvertently restricted by law from making these deductions on the livestock market. You were in that position so far as lambs.

Mr. CLYDE. That is right.

I have no objection, sir. I just know people, that is all.

Mr. SHORT. I am trying to help. I hope you understand.

Mr. CLYDE. I am sure you are.

Mr. SHORT. If there is some partially legitimate objection to this provision in the bill that makes it—upon 51 percent of the producers voting in referendum—makes it mandatory to all the rest to contribute to this promotion fund, I am just trying to put the opportunity in there for a refund if someone does not agree. We are considering here a permanent extension of the act. We are writing in there, then, in the bill in its present form, a permanent provision for this mandatory deduction.

Now, when we do that, if there is any justification for the producers having control of their own program it would seem to me that there would be a legitimate reason for this provision in the bill making it possible for people to withdraw their contribution if they so desired.

Mr. CLYDE. Well, I am sure that you are correct in saying there is some objection to that feature of it. Possibly you may be right that there should be some way in which that producer could, if he does not want to join, take it back. But my only thought is, would we have a program left?

Mr. SHORT. I think we would. I do not think anyone, if the program is as good as it is now, as good as it is now, as good as you have just said you think it is—and I am sure the industry subscribes to that—as long as the program remains that good, I do not think there is going to be any question about their continuing to support the program. There might be a few if there were very many dollars involved that would withdraw. I think the number is a fraction of 1 percent.

Mr. CLYDE. Well, we get some opposition to the program. There is no question about it. I faced dozens and dozens of obstacles in my life which have really been hostile. But I think if you sit down and explain things thoroughly the hostility always evaporates. I have never gone before an audience yet but what I have come away with a resolution endorsing the program. But understanding it is the problem.

Mr. POAGE. Any further questions?

We are running way over time. We are likely to have the bells ring any moment, and these Members of Congress must go answer the rollicall. This is a very important bill over on the floor and we cannot stop. I would like to finish this up this afternoon very much. I am not suggesting that we ask the witnesses no further questions to get through all of them, because they are all together. One said he would take 2 minutes, one said he would take 3 minutes. While I am not going to absolutely hold you to that, that is probably all the time you are going to have today, gentlemen.

If you want to come back next week—it will be next week, not tomorrow, because we have another hearing set for tomorrow. So, if

you do not finish up this afternoon, we are probably going to have to run into next week.

Thank you, Mr. Clyde.

(The prepared statement of Mr. Clyde follows:)

STATEMENT OF DON CLYDE, PRESIDENT, AMERICAN SHEEP PRODUCERS COUNCIL, INC.

The American Sheep Producers Council, Inc., was organized on September 12, 1955, following passage by Congress of the National Wool Act of 1954. The Wool Act, under section 708, authorized sheep producers to set up their own promotion organization for both lamb and wool in order that new markets could be developed for the anticipated increase in production of sheep. The Congress set a goal of 300 million pounds of shorn wool under the Wool Act, and the sheep industry is now about 36 million pounds short of that goal.

The ASPC is entirely governed by sheepmen, with a board of directors of 39, representing every section of the country. The program is supported by almost 98 percent of the sheep producers in the Nation.

By electing to promote their own products, the sheep producers of the United States have indicated their desire to help themselves by establishing new markets for their products, and not rely entirely on an incentive payment which in itself would not build a solid foundation for the future. The producers then contribute their time, effort, and money to broadening the demand for lamb and wool and thereby permit this increased production to flow into channels of consumption without building up burdensome and prolonged surpluses.

TWO PRODUCTS TO PROMOTE

In the present era of severe competition, I am sure that you will agree that it is commendable on the part of the sheep producer to promote his own products. It should also be pointed out that the sheep industry is unique in the field of livestock agriculture in that it produces two major products of such a divergent nature—one a food and the other a fiber for apparel. We cannot logically promote one without promoting the other. Sheep production automatically includes an increase in production of both lamb and wool.

It should be pointed out that despite the fact that the sheep producer has his own promotion organization for both products, he still gives his wholehearted support to a program of education conducted by the National Livestock and Meat Board. The Meat Board program, because of the proportionately small contribution by lamb producers compared to other red meat producers, does not carry the impact for lamb that is needed since lamb production in the past 15 years has shown a severe decline. This trend was reversed, however, following passage of the National Wool Act in 1954.

SHEEP PRODUCTION INCREASING

In order to show the progress made in expanding sheep production, as is the intent of the Wool Act, U.S. Department of Agriculture data reveal that the average annual total number of sheep and lambs on farms January 1, from 1950 through 1955, was 31,213,000 head. By January 1, 1961, this number has increased to almost 33 million head, or an increase of more than 1,700,000 head. In the same period, the number of ewe lambs 1 year or older, which is the breeding stock, has increased from an annual average of 20,982,000 head to 22,552,000 head—an increase of 1,570,000 head. At the same time total commercial slaughter of sheep and lamb has increased from an annual average of 14,332,000 head 1950 through 1955, to 15,886,500 head during calendar year 1960, or 1,556,500 head more.

Domestic wool production shows a similar trend. The annual average production of shorn wool for the period from 1950 through 1955 was 231,282,000 pounds raw basis. By 1960, domestic wool production had grown to 266,563,000 pounds or an increase of 35,281,000 pounds.

It is significant to note that some other countries have also made forward strides in sheep production and you will note that two of these countries are those with whom we are presently engaged in a cold war.

[In thousand head]

	1951-55 average annual sheep population	1959-60 average annual sheep population
Australia.....	122, 832	154, 000
New Zealand.....	36, 698	50, 000
U.S.S.R.....	92, 230	136, 000
Red China.....	41, 952	60, 800

While the Sino-Soviet bloc increased their wool consumption at a rate greater than their production increased from 1953 to 1960—they have a goal to become self-sufficient by 1965.

PRODUCERS APPROVE PROMOTION

Sheep producers in the United States have, in the past, made it unmistakably clear that they approve of this promotion fund and the expenditure of their money for such a program. The first referendum in the summer of 1955, before the program even got underway, was approved by sheep producers with 71.3 percent of the producers voting casting their ballots in favor of this promotion effort. The second referendum, in September of 1959, again reflected overwhelming approval of the promotion program, final tabulation showing that producers owning 16,906,939 sheep favored the agreement and owners of only 3,947,655 sheep opposed it. On the basis of individual producer voting, the referendum showed 68.9 percent of the producers voting for the promotion program and these producers owned 81 percent of the sheep in the United States. These results certainly indicate the sheepman's desire to help himself by promoting his products.

This promotion program, as now conducted by the American Sheep Producers Council, is the first successful nationwide program ever developed for the sheep industry. It is certainly not the first attempt to develop such a program. For almost half a century sheep producers have realized the need for promoting their products but insufficient funds invariably cause these programs to fail. The expense and difficulty of collecting adequate contributions on a voluntary basis for promotion and advertising caused other programs of the sheep industry to fall by the wayside. Yet, it was from these efforts on the part of sheep industry leaders to develop a program to promote lamb and wool that ultimately led to the inclusion of section 708 in the National Wool Act.

Wool incentive payments are derived from funds on import duties for foreign wool. In this respect the tariff is doing a triple duty, allowing for an incentive payment to the producers providing a small measure of tariff protection and permitting sheep producers to promote their own products.

Through the efforts of many woolgrower associations and other farm and livestock groups, this promotion organization was developed and organized in close cooperation with the U.S. Department of Agriculture. Every major farm organization was invited to participate in organizing the American Sheep Producers Council.

There are two classes of membership in the ASPC. Class I members consist of 20 State or area sheep councils which are formed by sheep and wool groups or organizations within a State or group of States. Representation for class I members is determined on the basis of one delegate from a State or area sheep council for every \$25,000 or major fraction thereof paid into the promotion and advertising fund. One director is allowed for every \$100,000 or major fraction thereof paid into the fund. Each of these 20 State or area sheep councils is represented by delegates on the above basis and at least one director. Every State has representation through these sheep councils.

Class II members serve the sheep industry on an extensive national or regional basis with all major farm organizations serving the sheep industry having full opportunity to participate in membership at any time. Each class II member is represented by delegates and not more than one director on the board.

Directors of the council annually elect officers including a chairman of the board and president, vice president, treasurer, assistant treasurer, and executive secretary. The executive secretary is responsible for the active administration of the council's headquarters office in Denver and supervises all its staff and personnel.

Here is how the American Sheep Producers Council operates its well-coordinated promotion program for lamb and wool.

The American Sheep Producers Council has two promotion divisions, the American Lamb Council and the American Wool Council. These titles are used in dealing with the food and textile trades and with consumers. Both divisions use the same supervisory staff at the headquarters in Denver.

Working with both these divisions is the education and information department and the statistical section, both of which contribute considerably to the successful operation of the ASPC.

The problems of the sheep industry are many and varied, and most of these problems, such as imports, have their impact on the promotion of lamb and wool. Promotion, therefore, should not be considered a panacea for all the ills of an industry, but rather in its true light as a tool for expanding demand. With that in mind, let us first consider the American Lamb Council.

AMERICAN LAMB COUNCIL

The American Lamb Council includes a lamb merchandising department, with 18 fieldmen who contact packers, retailers, and hotels and restaurants to acquaint them with the program and encourage cooperation. These men also distribute lamb posters that are widely used for display in stores, and recipe folders which the consumer can take with her when she buys a cut of lamb. In the last fiscal year, 1,163,000 lamb posters were used to promote lamb in the stores. In addition, four of these men are lamb cutting specialists and conduct an important program of education for meatcutters, demonstrating how to cut and display lamb from the whole carcass—not just the chops and leg. The past fiscal year they gave lamb cutting demonstrations before almost 2,000 meatcutters and meat supervisors.

During the last fiscal year these 13 merchandising men, most of them covering 3 promotion cities, made 15,126 contacts of headquarters of chains, voluntary groups, and independents. Besides that they contacted about 4,000 key people in the food industry at their meetings. This work is a tremendous boost for lamb.

The consumer sales department is another vital cog in the American Lamb Council, with 35 home economists working part time in major cities conducting a grassroots promotion for lamb, giving lectures and demonstrations to women's clubs, civic groups, and especially in schools and colleges to the future homemakers. In the fiscal year 1959-60 they carried the lamb message to about 4,000 persons. These women also distribute teaching aids for teachers, including a complete year's course of instruction on lamb, and a slide film series on how to buy, cook, and serve lamb. The home economists and the lamb merchandising men last year ordered and handed out more than 17 million recipe folders—not at random, but to consumers who wanted them.

There are many facets to this program and one of the best is the Lamb Council's product publicity for lamb. This is use of lamb recipes, stories, and photographs on the food pages of newspapers, magazines, and on radio and television. There were 285 such stories released last year by the council—and they were used in newspapers and magazines alone with a total circulation of more than 940 million.

The American Lamb Council advertises lamb in 25 cities at present, using the market-by-market approach, where lamb supply is adequate. These cities include Boston, New York, Washington, Baltimore, Philadelphia, Atlanta, Cleveland, Toledo, Detroit, Chicago, Milwaukee, Minneapolis-St. Paul, Des Moines, Omaha, St. Louis, Kansas City, Denver, Houston, Seattle, Portland, San Francisco, Sacramento, Los Angeles, San Diego, and Salt Lake City.

Proof that the program for lamb is working can be shown in a survey in 19 of the ASPC promotion cities. This survey, taken in the fall of 1959 by newspapers, revealed that the average percent increase of lamb in sales in retail stores was 20.9 percent since the council started the program in these cities. The survey included stores of all sizes, as well as chains, independents, and voluntary groups.

ATLANTA RESEARCH STUDY

The support given to the program of promotion might seem amazing to some observers because of the obvious difficulties in measuring the results on non-branded products. The ASPC constantly faces this question as do the promoters of other agricultural products. Yet, we do have some basis in fact for

our contention that promotion and advertising can rapidly channel products into consumption. One notable research study on consumer purchases of lamb, as well as other foods, has been underway for more than 3½ years by the University of Georgia.

This study encompassed 314 families broken out into 18 socioeconomic groups by color, various incomes, and various sized families as a cross section of the entire city. The purpose of the study was to measure and record changes in types and quantities and expenditures for all foods.

The council saw an opportunity to measure its promotional efforts through this totally unbiased evaluation. Upon approval by the board of directors of ASPC, a typical promotion program was launched during March of 1959. This program in makeup and scope was exactly the same as is conducted in all other areas where the council operates. Using the period from July 1957 through March 1959 as a base, prior to any promotion by the council, it has been possible to provide a pilot program and evaluate the promotional efforts of the ASPC.

At the beginning of this study in July 1957, lamb represented seven-tenths of 1 percent of all meats consumed. By June 1960, lamb increased to 1 percent of all meats consumed, and all of this increase came after the council commenced its promotion program in Atlanta. It is important also to note that this 47-percent increase in volume of lamb consumed was not at the sacrifice of beef, pork, poultry, or miscellaneous other meats, which also showed small increases. Further substantiation of the success of the council's promotional efforts is borne out by the fact that in the period from March 1, 1958, through February 23, 1959, lamb shipped into the Atlanta area by major packers amounted to 1,464,000 pounds. For the corresponding period in 1959 and 1960—when ASPC began its promotion—shipments of lamb to the Atlanta area amounted to 1,949,000 pounds, an increase of 33.1 percent.

Another evaluation of the effectiveness of lamb promotion was a recent study conducted by the U.S. Department of Agriculture on various advertising and merchandising techniques.

During the course of the program, field representatives of the USDA and the American Sheep Producers Council worked closely with packers, wholesalers, and retail food organizations between September 6, 1960, and February 11, 1961, in three midwestern and three eastern cities.

In each test city, three advertising and promotional treatments were scheduled for a period of 6 weeks:

1. Regular promotion program by the American Sheep Producers Council.
2. Cooperative advertising arrangements with retail food organizations in lieu of ASPC's regular advertising.
3. No advertising or merchandising sponsored by the ASPC.

A preliminary report of data compiled by USDA enumerators showed that in the midwestern cities, increases in lamb sales were found of about 27 percent for regular promotion and 47 percent for cooperative advertising over comparable periods of no advertising or promotional support by the ASPC.

In the eastern cities increases in lamb sales were found of 7 percent for regular promotion and 22 percent for cooperative advertising over comparable periods of no advertising or promotional support by the ASPC. The combined lamb sales for the two areas show sales increases of 10 percent for regular and 26 percent for cooperative advertising as compared to no advertising, and an increase of 15 percent for cooperative as compared to regular promotion.

Although the list of accomplishments in lamb promotion is legion, let me quote what others have to say about our program. These brief, and unsolicited, testimonials reveal the tremendous impact of the council's program:

"I want to thank you and the American Lamb Council for the excellent cutting demonstration put on by your representatives, Mr. Bill Broskovak and Mr. Walter Streightiff, at the Federal Markets here in Buffalo the week of February 20. This was very inspiring, and it gave the meat managers of the Federal Markets many new angles for merchandising lamb. Both of these men do an excellent job, and cutting tests of this nature certainly should increase the sales of lamb anywhere these demonstrations are conducted. Also, want to thank you for all the very colorful point-of-sale advertising material you have been sending, and assure you that good use will be made of it.

"C. K. H

"WILSON & Co.,
Manager, Buffalo, N.Y."

"I'd like to thank you and the council, especially Mr. Alex Hardt and Mr. Erieh Bohlwing, for the tremendous 'shot in the arm' our retailers and our meat merchandising people, including myself, received from the demonstrations conducted by Mr. Hardt.

"L. M. SANDBERG,
"Director of Meats & Dairy Products, Super Valu Stores, Inc., Minneapolis, Minn."

"Just a note to tell you how very much we appreciated having Mrs. Rita Morris and Messrs. Streightiff, O'Neill and Hardt there at our school of hotel administration. They did a magnificent job and really alerted and opened the eyes of our students, who incidentally come from all over the world, to the possibilities of lamb on the menu.

"J. J. WANDERSTOCK,
"Associate Professor, Cornell University, Ithaca, N.Y."

"The enclosed page from the Daily News pictures our ad of January 5, which featured lamb. This lamb sale was originated early in December to tie in with the ad scheduled for the same week of the American Lamb Council. We feel that by featuring lamb the same week that the American Lamb Council runs an ad enhances our lamb promotion that much more. Also, you people have been furnishing us with outstanding display material which helps considerably in making our lamb sale a success.

"JOE VETRANO,
"Meat Merchandising Manager, Safeway Stores, Inc., Jersey, N.J."

"I am sure you will be interested to know how much fine cooperation we have received from Bill Broscovak. His most recent efforts were outstanding both with the Armour organization and with the trade. If I may be allowed to offer a suggestion, it is my considered opinion that promotional activities such as he did in Charlotte are the most economical way of spending promotional dollars to get the greatest return. I know you will be glad to know that our lamb business so far this year has shown a substantial improvement and much of the credit is due to Bill Broscovak's efforts and, quite naturally, we want to see this business continue to grow.

"P. A. GREENE,
"Marketing Manager, Armour & Co., Atlanta, Ga."

"Today, we had a wonderful demonstration on the lamb cookery by your most capable home economist, Mrs. Lillian Kwasniewski. Her demonstration held the representative leaders from 21 of the 30 organized areas in Harris County spellbound. It was most educational and helpful.

"MRS. FRANCES P. McCULLOCH,
"County Home Demonstration Agent, Texas A. & M. College."

Through its 5½ years of promotion and advertising, the ASPC has gained stature and a reputation among members of the food trade as a reliable and energetic promotion force. The unsolicited commendations on the program would make volumes.

AMERICAN WOOL COUNCIL

Sheep produce two major products so it is vitally essential that both be promoted. Handling this assignment for the sheep producers is the American Wool Council, also a division of the ASPC. Organized only last July 1, it operates on a nationwide basis, since wool is universally recognized and used.

Through the consumer sales department, 30 fashion specialists back up the advertising program with merchandising and sales training in stores, and also an intensive educational program in schools and colleges.

The wool council last fall launched an extensive program of advertising and merchandising for wool with a budget of about \$1,460,000, which is 46 percent of the total ASPC budget of \$3,200,000. This may sound like a rather sizable sum of money, but when it is matched against the "Goliathes" of the synthetic field it is not so large. Manufacturers of synthetics or manmade fibers spent an estimated \$35 million on advertising in 1959. This is one reason why the sheepman's dollars for promotion must work harder to overcome the dollar deluge for advertising by the manufacturers of synthetic fibers.

Since the American textile mills and manufacturers are the only outlet for wool for the domestic producer, the American Wool Council has as its slogan

"Natural Wool Loomed in America." Since most of the wool is blended—with some foreign and some domestic—it would be almost impossible to promote American-produced wool, so the best the council can do is promote wool manufactured in America. The council's ads this fall started off by vividly impressing on the public and the wool trade that wool is moving back into the limelight and that the woolgrowers themselves are forcefully backing this program.

Working closely with the council in its program for American-loomed wool are two organizations representing segments of the wool trade and cosponsored by the council. They are Woolknits Associates, boosting American-made wool-knit goods, and Woolens & Worsteds of America, representing wool handlers, topmakers, mills, and the producers.

For the first time, through Woolens & Worsteds of America, the wool industry is presenting a united front to promote American-made wool products. Another phase of the wool council's program is the national "Make It Yourself With Wool" contest sponsored by the wool council in cooperation with the auxiliary of the National Wool Growers Association. This contest is one of many ways the council is seeking to create an awareness of wool among the youngsters of today. It is difficult to realize that there is a whole new generation growing up that has only a faint idea about wool; a generation that doesn't know that wool was once used almost exclusively in furniture upholstery and fine draperies, that wool blankets and clothing offer the finest health-protecting factors, and even more fantastically, that wool comes from a sheep's back. Wool was becoming the forgotten fiber among many of the younger generation, who are the buyers of tomorrow.

Here again is testimony from others, this time in the wool trade, who lend substance to the contention that the American Wool Council, although newly organized, is doing a worthwhile job for the sheep industry:

"On Wednesday, February 1, it was our pleasure at Xavier to have Miss Beebe of the wool council for some presentations on wool facts. I almost said 'fancies' too, as I know my little sewers dreamed of all kinds of lovely things by the time she was finished. Miss Beebe gave something of the history of wool, its qualities as a fiber, wearing and cleaning points and impressed the girls and me most favorably. As a farmer's daughter, I might add that I am glad that wool and lamb grown in America are making some headway.

"SISTER MARY SUSANNA, B.V.M.,
"Xavier High School, St. Louis, Mo."

"Our season is drawing to a close and we are now able to evaluate our business for 1960. We are particularly pleased with the increase in sales of wool garments, which was more than 50 percent over last year. This is contrary to the trend of recent years. We attribute this, in great measure, to the American Wool Council's cooperative advertising effort.

"BEN S. MARCUS,
"President, the Drummond Knitwear Co., Ltd., New York, N.Y."

"Our joint campaign promoting the new look in wool in 1960 had a very dramatic effect. They tell us there were 100 calls in our Detroit office. Stores called up for the item claiming they were sold out of it and wanted more.

"WILLIAM DONIGER,
"McGregor Sportswear, New York, N.Y."

"I want to take this opportunity to tell you how much we appreciate the help and promotion from the American Wool Council and your representative, Mrs. Bartel. I feel the ideas of the council are greatly responsible for our successful sale of winter wools.

"C. J. LAWSON,
"Manager, Kenwood Fabric Center, Cincinnati, Ohio."

"You are assured of our continuing interest in cooperating with you and the woolgrowers' organization in the promotion of the quality values of wool. Incidentally, and during the sales meeting, our representatives from all parts of the country were enthusiastic about the advertising program jointly sponsored between the ASPC and Pendleton. This was certainly encouraging and should insure a good followthrough later in the season on behalf of the better stores throughout the United States. We will plan to keep you advised as this program develops.

"C. M. BISHOP,
"President, Pendleton Woolen Mills."

We could literally fill volumes with letters from persons in all segments of the wool industry, which is a certain indication that the program is making an impact in the vital target for wool sales.

Many new technological advances are being made to enhance the appeal of wool thanks to the invaluable research being done by the Government. More of this type of research is needed.

All industries today fully realize the importance of promoting their products, and their industries, if they are going to survive in our highly competitive economy. The American Sheep Producers Council is making a team effort of all its promotion programs, encouraging all sections of the trade, whether for lamb or wool, to unite in a common purpose to do the best possible job to expand demand.

We must emphasize again the need for research, not only in technology but in marketing. The ASPC cannot engage in research, so that the council is dependent for market research and information on other organizations. We need answers which only research can provide so that a better job can be done in promoting the available lamb supply for the best possible return to the producer.

The American Sheep Producers Council has undertaken a program of promotion, advertising, and education, a program that will build a sound foundation for the future of the sheep industry and the products it produces.

AMERICAN SHEEP PRODUCERS COUNCIL, INC., DENVER, COLO.

Statement of receipts and disbursements from beginning to date, Sept. 12, 1955, through Dec. 31, 1960

Receipts:

Income from incentive payments:	
1955 wool clip-----	\$3, 098, 903. 88
1956 wool clip-----	3, 018, 668. 86
1957 wool clip-----	2, 026, 892. 37
1958 wool clip-----	3, 416, 414. 16
1959 wool clip-----	2, 900, 000. 00
Miscellaneous income (interest and sale of materials)-----	379, 255. 36
Total receipts-----	<u>14, 840, 134. 63</u>

Disbursements:

Board of directors (1.25 percent)-----	127, 696. 33
Administrative (4.01 percent)-----	408, 017. 37
Statistical analysis section (0.08 percent)-----	6, 642. 30
Education and information (2.28 percent)-----	232, 568. 27
Lamb advertising and promotion (54.23 percent)-----	5, 517, 901. 33
Wool advertising and promotion (37.67 percent)-----	3, 833, 586. 02
Equipment (0.40 percent)-----	41, 430. 07
Employee benefit plan (0.08 percent)-----	6, 765. 52

Total (100 percent)-----	<u>10, 174, 607. 21</u>
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Excess of receipts over disbursements-----	<u>4, 665, 527. 42</u>
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Statement of assets, liabilities, and fund balance as of Dec. 31, 1960

Assets:	
Cash in bank.....	\$49,842.59
Deposits (for credit cards).....	425.00
Petty cash fund.....	50.00
Expense advances to employees.....	10,500.00
Investments in U.S. securities.....	4,520,588.68
Savings accounts.....	40,000.00
Accounts receivable.....	44,137.55
Total assets.....	4,665,523.82
Liabilities: Payroll deductions.....	
	3.60
Total liabilities.....	3.60
Fund balance:	
Fund balance June 30, 1960.....	3,405,773.75
Excess of income over expenses.....	1,259,753.67
Total fund balance.....	4,665,527.42
Total liabilities and fund balance.....	4,665,523.82

Budget, fiscal year July 1, 1960, through June 30, 1961

	Amount	Percent of budget
Board of directors.....	\$35,000	1.09
Administrative.....	121,500	3.80
Equipment.....	3,000	.10
Employee benefit plan.....	21,500	.67
Statistical analysis section.....	19,000	.59
Education and information.....	83,100	2.60
Wool advertising and promotion.....	1,303,315	40.73
Lamb advertising and promotion.....	1,613,585	50.42
Total.....	3,200,000	100.00

Mr. POAGE. Mr. Marsh is the next witness I have listed.

**STATEMENT OF EDWIN E. MARSH, EXECUTIVE SECRETARY,
NATIONAL WOOL GROWERS ASSOCIATION**

Mr. MARSH. Mr. Poage and members of the committee, in view of your time limitations, I want to make two points of about one-half minute each.

First of all, I would like to request permission to have filed in the record five telegrams, four of which are addressed to me and one addressed to our president, Mr. Metcalfe.

Mr. POAGE. Without objection, that permission is granted.

(The telegrams follow:)

UPPERCO, MD., *April 18, 1961.*

EDWIN E. MARSH,
Congressional Hotel,
Washington, D.C.:

Maryland Sheep Breeders Association respectfully urges that you support extension of National Wool Act and include our organization endorsement of same in hearing record.

FRED H. PRICE, *President.*

FORT COLLINS, COLO., *April 17, 1961.*

EDWIN E. MARSH,
Congressional Hotel,
Washington, D.C.:

Please accept this message as our endorsement for the permanent extension of National Wool Act.

COLUMBIA SHEEP BREEDERS ASSOCIATION,
LAWRENCE C. PATTERSON.

CLARKSVILLE, TENN., *April 17, 1961.*

Re hearing House wool bill scheduled April 19 and 20.

EDWIN E. MARSH,
Congressional Hotel,
Washington, D.C.:

Tennessee Wool Growers Association endorses permanent extension National Wool Act to be included in the hearing.

TENNESSEE WOOL GROWERS ASSOCIATION,
P. A. MERRIWETHER, *President.*

STATE COLLEGE, PA., *April 17, 1961.*

EDWIN E. MARSH,
Congressional Hotel,
Washington, D.C.:

We are in favor of continuing present wool bill. Regret we cannot personally testify. Will be in Washington this afternoon with Secretary Ribicoff, 3 p.m. appointment.

AMERICAN SOUTHDOWN BREEDERS ASSOCIATION,
W. L. HENNING, *Secretary.*

SAN ANGELO, TEX., *April 17, 1961.*

PENROSE B. METCALFE,
President, National Wool Growers Association,
Congressional Hotel, Washington, D.C.:

You are authorized to express to the Congress for our association its strong support for the permanent extension of the Wool Act of 1954. It has been of great benefit to all growers of wool in this country.

AMERICAN RAMBOUILLET SHEEP BREEDERS ASSOCIATION,
CHARLOTTE T. HARVEY, *Secretary.*

Mr. MARSH. All of these are in favor of the extension of the National Wool Act and are from various sheep organizations throughout the country.

I would also like to say that since the hearings were announced this past weekend, I have received a large number of phone calls, wires, and airmail letters, all advising me that they have requested their

Congressmen to have inserted in the record their support for the permanent extension of the National Wool Act. Out of all these requests, not one—I repeat—not one was unfavorable to the extension of the act. I can assure you that the organizations representing the sheep industry of this Nation are united in support of the Wool Act.

In closing I would like to add for the record that we recognize that the whole of agriculture is only a minority but we recognize the right of each commodity to work out its own problems and to ask Congress for help in passing any reasonable program that will make agriculture as a whole prosperous. If producers of any commodity are agreed that a program will work for them, we will support them just as we would want them to support us in asking for the extension of the Wool Act, because we know that this program works for us.

I thank you.

Mr. POAGE. Thank you very much. Are there any questions? If not, we are very much obliged to you for coming here.

We will now hear from Mr. Everett Shuey, executive secretary of the Montana Wool Growers Association, Helena, Mont.

**STATEMENT OF EVERETT SHUEY, EXECUTIVE SECRETARY,
MONTANA WOOL GROWERS ASSOCIATION**

Mr. SHUEY. Mr. Chairman and members of the committee, my name is Everett E. Shuey, from Helena, Mont., and I am secretary-treasurer of the Montana Wool Growers Association, and also a sheep producer.

I have a short statement and I would ask permission to file it in the record and then I want to make a few points.

Mr. POAGE. Without objection, it will be made a part of the record. (The statement follows:)

STATEMENT OF EVERETT SHUEY, EXECUTIVE SECRETARY, MONTANA WOOL GROWERS ASSOCIATION

Mr. Chairman and members of the committee, my name is Everett E. Shuey, from Helena, Mont. I am secretary-treasurer of the Montana Wool Growers Association and also a sheep producer.

The Montana Wool Growers Association includes in its dues-paying membership over 90 percent of the sheep owners in our State. We are now producing approximately 16 million pounds of wool each year as compared to 25 or 30 million pounds in the early 1940's.

Montana, due to its climatic conditions, is naturally favorable to sheep production and there are thousands of acres now grazed by cattle, formerly grazed by sheep, which could again be used for increased production of wool and lamb.

At one time, sheep raising in our State was strictly a range operation, but it is becoming more and more of a pasture operation, on both dryland and irrigated pastures. The production of lambs and wool on these pastures would tend to decrease production of some of the commodities which are now in surplus and are causing us so much trouble.

Since the incentive-payment program was instituted, with payments being made to encourage production on a quality basis, the liquidation of sheep numbers in Montana has come to a standstill, and numbers are increasing.

The average incentive payment per producer in Montana on the 1959 wool clip was \$687. In many instances, this meant the difference between losing money or breaking even.

The impetus given to the industry by the Wool Act has not been confined to the actual amount of the payment, but it is also due to the secondary benefits derived from increased sheep prices, and the very important fact that the

industry has been assured by the Congress of its interest in the welfare and stability of the industry.

We, from Montana, are convinced that the advertising program provided for in section 708 of the act has been of tremendous assistance to our producers. We are convinced that the real future in our market lies in the hands of the consumers, whom we must keep informed as to the merits of our wool and lamb products.

Contracting of the 1961 wool clip has started. However, there has not been a single forward contract on lambs in Montana yet this year due to the uncertainty in the growers' minds as to whether or not the National Wool Act will be renewed at this session of Congress. Early action on this legislation would be a tremendous help to our producers and to the market, as it would remove much of the uncertainty presently in the business.

The first Wool Act was limited to a 4-year period as a trial measure and it was renewed in 1958 for another 3 years. We now feel that the act has been thoroughly tested and proven and would very much like to see it placed on a permanent basis, as this would tend to create much greater stability in the industry. After all, a mere 3-year extension of the act soon becomes a 2-year program, then a 1-year program, and as the time diminishes, it creates concern in the minds of the producers as to whether or not it will be renewed.

We feel that since it is the declared policy of the Congress to increase the production of wool in the interest of the national security and rural economy that the act should be made permanent until the stated goal of an annual production of 300 million pounds of shorn wool is reached.

Actually, a time limitation hurts the chances of increased production due to the very nature of the sheep business. After all, it takes 2 years from the time a ewe lamb is born until that lamb again reproduces.

It would be most beneficial to the woolgrower in my State if this committee and the Congress would pass this bill as expeditiously as possible in order to create confidence and to insure continued stability to the sheep grazing and woolgrowing industry.

I appreciate the opportunity to appear at this hearing, and wish to thank you gentlemen for the many courtesies you have extended to us.

Mr. SHUBY. There are two points which I really want to emphasize, so far as the length of the act is concerned. The average life of a sheep is 7 years and when a new lamb is born, it takes 2 years before that lamb reproduces, so a 3-year extension doesn't give as much stability as a permanent extension. First it is 3 years, then it is down to 2 years, and then it is down to 1 year.

The other thing that is of some concern to us is the worry and uncertainty prevailing in the industry each time the act comes up for renewal. Montana produces replacement ewes and feeder lambs. Our lambs are usually contracted early but each time the act comes up for renewal it slows down the contracting and is quite detrimental to prices. I have been informed by my office that there has not been a single forward contract of either feeder or replacement ewe lambs. There is much concern in our area as to when the act will be renewed and for how long.

There is one other point that I want to mention. I noticed there was testimony by the American Farm Bureau Federation this morning which does not quite jibe with some of their actions in Montana. The Montana Farm Bureau Federation passed a resolution wholeheartedly endorsing the extension of the National Wool Act.

In line with that, last summer, our office sent out a questionnaire to 4,000 sheep producers in Montana. One of the questions asked was: "Do you want the National Wool Act renewed?"

We were able to cross-check this question against the Farm Bureau members who own sheep and found that only 17 of the Farm Bureau members, woolgrowers, did not want the act renewed.

We also had another question which read: "Are you in favor of continuing the section of the Wool Act providing for the promotion and advertising of wool and lamb?"

Only 12 Farm Bureau woolgrower members were opposed to a continuance.

That is all I have to say. Thank you very much for your time, Mr. Chairman.

Mr. POAGE. You are very welcome, I am sure.

Are there any questions? If not, we will now hear from Mr. Brown. Mr. Brown is president of the National Lamb Feeders Association of Fort Collins, Colo.

STATEMENT OF JIM BROWN, PRESIDENT, NATIONAL LAMB FEEDERS ASSOCIATION

Mr. BROWN. My name is J. W. Brown of Fort Collins, Colo. I am president of the National Lamb Feeders Association. We have members from 20 States and our membership each year feed out a substantial percentage of lambs finished in this country.

We feel the operation of the National Wool Act has helped to maintain this essential industry.

With rising costs of everything the woolgrower has to buy, and steadily increasing labor costs, it would be practically impossible for the industry to survive without the help of the act.

Our organization hopes you will extend the act and place it on a permanent basis, so we will be able to plan our business on a longtime basis.

Mr. POAGE. Thank you very much. Are there any members who want to ask any questions of any of the witnesses who have just appeared? We should get the testimony into the record. Does anybody want to ask any questions?

Mr. SHORT. I should like to know if anyone would have any objection to my offering an amendment to make this checkoff voluntary as I explained to Mr. Clyde a few minutes ago? Is there any objection that you can see to doing that? Mr. Shuey?

Mr. SHUEY. I would register an objection to it from this viewpoint: I look upon this money which is paid the producer as Government money. I look upon the referendum in the light that the producers are voting whether or not they want a portion of that money set aside to advertise and to promote their product over the country. I do not look upon it as money belonging to an individual. They have never received it yet.

Mr. Metcalfe.

Mr. METCALFE. The National Wool Growers, I believe, feel that to change that present setup, the present provision, would perhaps change and weaken the collection of the money, and tend to lessen the effectiveness of the promotion program if the compulsory checkoff was changed as suggested by Mr. Short.

Mr. SHORT. That is not what I am suggesting, Mr. Metcalfe. I am suggesting that it would go right on as it is, but upon application the individual could recover.

Mr. IMMASCHE. I would like, Mr. Chairman, permission for the Department of Agriculture to file a statement on that.

Mr. POAGE. Without objection that may be done.
(The statement follows:)

STATEMENT ON THE QUESTION OF PERMITTING A GROWER TO OBTAIN A REFUND OF THE DEDUCTION FOR ADVERTISING AND SALES PROMOTION FROM HIS WOOL PAYMENT

Amendment of section 708 to provide that an individual grower could obtain the refund of the deduction for advertising and sales promotion made from his wool payment if he so requests would add complications and extra work in administration of the wool payments program.

Around 175,000 woolgrowers, or nearly 60 percent of the total number in the United States, have less than 25 sheep each. Assuming 10 pounds of shorn wool per sheep and the deduction for advertising and sales promotion at the rate of 1 cent per pound, the amounts deducted from the total payment to each of such growers would be less than \$2.50. Thus, if the amounts deducted from the payments were to be refunded to growers upon their request, the offices handling the payments could conceivably become involved in making thousands of additional payments of very small amounts, some of only a few cents.

Payments of less than \$3 are not being made under the wool payment program as such amounts are considered too small to justify the cost of making the payments. Refunding deductions where the amounts are \$3 or more and not those under \$3, or refunding deductions of less than \$3 and not making payments where amounts are less than \$3 would lead to criticism of inequity and discrimination against the thousands of smaller growers.

Aside from the extra administrative cost and complications, provision for the refund of the deductions would tend to curtail the effectiveness of the advertising and sales promotion activities of the American Sheep Producers Council, Inc. The council could never be assured of how much money could be counted upon and thus be in position to plan their programs and make commitments which may be required a year or more in advance.

The purpose of the referendum provision in section 708 is to determine the growers' approval or disapproval of deductions for advertising and sales promotion activities and thereby permit the Department to make the deductions from the payments to all growers. As a practical matter, the referendum, as a step in the procedure, avoids the complications and uncertainties that would be involved if deductions were made without obtaining the prior approval of the industry by the referendum and then having to make refunds to individual growers upon their request.

The first referendum under section 708 was held in 1955 and the results indicated the growers' approval of deduction from their payments for the 4 marketing years under the original National Wool Act. After the National Wool Act was extended in 1958, the Secretary conducted a referendum in September 1959 to determine whether or not they favored a new agreement between the Secretary and the American Sheep Producers Council, Inc., for the advertising and sales promotion of lamb and wool, financed by deductions from their wool payments for the 3 years for which the act was extended.

In conducting the referendum, the Secretary announced that because the deductions from wool payments would be based upon the volume of wool and unshorn lambs sold by each producer, producer approval would be based primarily on volume of production as it was in the 1955 referendum. He stated that the agreement would not be put into effect unless producers, owning two-thirds of the sheep and lambs represented by votes in the referendum, approved. In determining whether or not the referendum results adequately reflected producer approval on a representative basis, he stated that consideration would also be given to the number of votes cast for and against the agreement by individual producers. Section 708 provides that in such a referendum the requirements of approval shall be held to be complied with if either two-thirds of the total number of producers or two-thirds of the volume of production represented in the referendum indicate their approval.

The results of the referendum showed that 68.9 percent of the producers voting favored the new agreement and that they owned 81.1 percent of all the sheep represented in the voting.

The number of sheep producers voting in the referendum was equal to 35.6 percent of the producers applying for wool payments while the sheep owned by all voters was equal to 63.9 percent of the total number of sheep in the United States January 1, 1959.

Following is a copy of the Department's press release October 26, 1959, announcing the final results of the referendum held in September 1959:

U.S. DEPARTMENT OF AGRICULTURE,
Washington, October 26, 1959.

**USDA SIGNS NEW AGREEMENT FOR WOOL AND LAMB PROMOTION FOLLOWING
FAVORABLE VOTE**

Acting Secretary of Agriculture True D. Morse today announced the final result of the wool and lamb promotion referendum wherein producers approved the continuation of deductions from wool payments to be used in promoting wool and lamb. On the basis of this approval, a new agreement with the American Sheep Producers Council was signed.

Final results in the September referendum differ little from the preliminary results announced October 6 (press release USDA 2789-59). The final tabulation showed that producers owning 16,906,939 sheep (81.07 percent) favored the agreement, and owners of 3,947,655 sheep (18.93 percent) were opposed. On the basis of individual producer voting, final results showed 70,518 (68.91 percent) producers voting for, and 31,808 (31.09 percent) voted against. The votes cast in this year's referendum were more than 50 percent greater both on a producer and on a sheep basis than in the 1955 referendum when the agreement was initially approved by producers.

For the agreement to be considered approved by producers, it was required that producers who owned at least two-thirds of the sheep represented in the referendum cast a favorable vote, with consideration to be given also to the individual vote of producers.

In view of the results of the referendum and as announced June 23, 1959 (press release USDA 1727-59) Acting Secretary Morse today announced an agreement with the American Sheep Producers Council Inc., continuing the financing of the council's advertising, promotional, and related marketing activities on lamb and wool through deductions from wool payments for 3 more years, as authorized in last summer's extension of the National Wool Act.

Under terms of the agreement, deductions will be made from payments next summer for the 1959 marketing year, April 1, 1959, through March 31, 1960, at the rate of 1 cent per pound of shorn wool marketed and 5 cents per hundred pounds of live weight of unshorn lambs marketed. Thereafter, deductions for 1960 and 1961 marketing years shall be made at such rates as the Secretary and council may agree upon, except that the deductions may not exceed the rates provided for in the 1959 marketing year.

Final results of the 1959 wool referendum by States are reported in the following table:

Final results of 1959 wool referendum

State	Vote by producers				Vote by number of sheep represented in referendum			
	For	Against	Total	Percent yes	For	Against	Total	Percent yes
Alabama	189	29	218	86.7	19,212	1,779	20,991	91.5
Alaska	3		3	100.0	4,218		4,218	100.0
Arizona	602	106	708	85.0	143,603	8,610	152,213	94.3
Arkansas	170	135	305	55.7	11,634	9,953	21,587	53.9
California	1,713	437	2,150	79.7	1,339,534	127,670	1,467,204	91.3
Colorado	1,680	255	1,935	86.8	1,308,291	95,767	1,404,058	93.2
Connecticut	56	80	136	41.2	1,741	1,950	3,691	47.2
Delaware	25	4	29	86.2	1,772	145	1,917	92.4
Florida	29	11	40	72.5	2,609	417	3,026	86.2
Georgia	190	37	227	83.7	15,378	4,678	20,056	76.7
Hawaii	2		2	100.0	11,017		11,017	100.0
Idaho	999	363	1,362	73.3	787,747	146,988	934,685	84.3
Illinois	2,872	3,919	6,791	42.3	224,926	183,926	408,852	55.0
Indiana	3,015	2,493	5,508	54.7	154,112	120,986	275,098	56.0
Iowa	4,781	4,125	8,906	53.7	546,310	334,436	880,746	62.0
Kansas	1,141	1,616	2,757	41.4	238,770	195,061	433,831	55.0
Kentucky	3,197	772	3,969	80.5	245,285	65,048	310,333	79.0
Louisiana	302	201	503	60.0	29,300	38,738	68,038	43.1
Maine	225	46	271	83.0	11,286	2,931	14,217	79.4
Maryland	202	211	413	48.9	9,966	9,260	19,226	51.8
Massachusetts	207	33	240	86.3	5,480	2,108	7,588	72.2
Michigan	1,510	944	2,454	61.5	143,517	82,846	226,363	63.4
Minnesota	5,385	1,348	6,733	80.0	434,491	100,291	534,782	81.2
Mississippi	304	181	485	62.7	35,384	20,379	55,763	63.5
Missouri	3,506	1,009	4,515	77.7	230,578	79,324	309,902	74.4
Montana	2,009	334	2,343	85.7	1,109,954	135,741	1,245,695	89.1
Nebraska	1,332	327	1,659	80.3	292,102	55,064	347,166	84.1
Nevada	122	45	167	73.1	199,220	58,405	257,625	77.3
New Hampshire	43	49	92	46.7	1,162	2,118	3,280	36.4
New Jersey	108	50	158	77.1	5,126	1,667	6,793	75.5
New Mexico	939	239	1,178	79.7	579,469	148,867	727,886	79.6
New York	915	249	1,164	78.6	77,509	23,209	100,718	77.0
North Carolina	760	54	814	93.4	27,290	1,987	29,277	93.2
North Dakota	1,488	1,426	2,912	51.0	243,416	204,597	448,013	54.3
Ohio	5,595	1,448	7,043	79.4	381,769	111,700	493,469	77.4
Oklahoma	498	866	1,364	36.5	60,228	76,293	136,516	44.1
Oregon	1,520	434	1,954	77.8	378,069	67,404	445,473	84.9
Pennsylvania	1,704	276	1,980	86.1	96,373	18,027	114,400	84.2
Rhode Island	41	27	68	60.3	1,080	660	1,740	62.1
South Carolina	64	11	75	85.3	5,308	539	5,847	90.8
South Dakota	4,315	1,076	5,391	80.0	1,035,204	171,903	1,207,107	85.8
Tennessee	1,250	570	1,820	68.7	70,124	35,328	105,452	66.5
Texas	6,536	2,044	8,580	76.2	3,756,129	637,903	4,394,032	85.5
Utah	1,000	222	1,222	81.8	531,194	103,243	634,437	89.0
Vermont	80	35	115	69.6	4,251	1,783	6,034	70.5
Virginia	2,210	1,223	3,433	64.4	102,079	75,356	177,435	57.5
Washington	734	65	799	91.9	203,463	12,800	216,263	94.1
West Virginia	1,921	1,566	3,487	55.1	81,665	75,473	157,138	52.0
Wisconsin	1,923	382	2,305	83.4	124,419	18,996	143,415	86.8
Wyoming	1,048	435	1,483	70.7	1,284,180	275,851	1,560,031	82.3
Total	70,518	31,808	102,326	68.91	16,906,939	3,947,655	20,854,594	81.07
Referendum in 1955	47,954	19,334	67,288	71.27	9,297,919	3,620,246	12,918,165	71.98

The Department has received practically no complaints from individual wool growers about the deductions made from their wool payments for the American Sheep Producers Council, Inc.

Mr. IMMASCHE. From the administrative standpoint, we would have some problems to figure and make the deductions and then turn around and pay them back. Our statement will cover that.

Mr. SHORT. This is an important thing.

Mr. POAGE. In that connection, may I ask this: Do you feel there is validity in what Mr. Shuey suggested that this is not money which belongs to any producer, such as the money that belongs to him when he sends his crop in to be sold—that is his money—but this money belongs to the U.S. Government and does not become his money unless and until the program is put into effect that makes it his money and

what the producer, if I understand the thought correctly, wants, is a program that would put all of this money in their hands, or do they want a program which would put 98 percent of the money in their hands and 2 percent of the money in somebody else's hands, and they voted to pay some of it to somebody else, did they not?

Mr. IMMASCHE. That is right. The law provides that in the referendum there has to be two-thirds in favor rather than just a majority. The Secretary looks at the adequacy and representativeness of the referendum when he determines whether he will enter into an agreement and make deductions from the payments.

Mr. POAGE. Do you agree with Mr. Shuey that there is a reason for distinguishing between this money and the money that is used for the shipper of livestock who consigns his stock to a commission house? That is his money, is it not, it belongs to him, the United States has no claim on it except for taxes?

Mr. IMMASCHE. On the other hand, when we figure the incentive payment and prepare the payment statement, we consider that all the money is due to the producer, and that the producer agree to the deduction.

Mr. POAGE. Is there anything else?

Mr. METCALFE. Might I ask permission to file an additional statement relating to this subject?

Mr. POAGE. Without objection that may be done.
(The statement follows:)

SUPPLEMENTARY STATEMENT OF PENROSE B. METCALFE, PRESIDENT, NATIONAL WOOL GROWERS ASSOCIATION, SALT LAKE CITY, UTAH

For some time it has been the hope of the woolgrowers, now that the Wool Act has proven itself, that the Congress would again place its stamp of approval on this legislation and extend it permanently, without any change other than the removal of the terminal date.

Apparently details of its administration have been quite well worked out and any new provisions would call for a readjustment of its operation.

Promotion activities for our products, financed by a deduction from incentive payments, have just now gotten to the point where they are making a definite impact on the public. Such a program requires considerable time to become effective and funds to be used therefor need to be dependable and available well in advance of their use.

It has been our experience that reasonably adequate funds are necessary in order to do a proper job of promotion. In this instance the funds are of necessity divided between two products, i.e., wool and lamb, and must be spread over the entire country. Any material reduction in the amount of such funds would probably result in their being spread too thin to do a good job. This is especially true in view of the huge advertising and promotion budgets of other competitive products.

I have been one of the many growers that insisted, and fought for, from the very inception of the program, that management of such funds definitely be under the control of bona fide growers.

It was at the request of we growers that the Secretary of Agriculture has stipulated from the beginning that no deductions be authorized unless growers owning two-thirds, or more, of the sheep represented by votes in the referendum approve, before it could be implemented. In that connection such referenda have been held on two occasions since the enactment of the program. In both instances approval has been substantial. In the last referendum, held in the summer of 1959, there was favorable vote by 69 percent of the growers voting and these growers owned 81 percent of the sheep represented in the total vote. We most certainly favor the continuation of such a requirement. We feel that as presently operated the promotion program is fully grower controlled, as prior referendum approval is required and the Council which operates it is entirely made up of growers, chosen by organization of growers.

We would regret to see any change in the present arrangement as this would undoubtedly result in a material reduction of the funds available for this very worthy objective.

In the event that the act is made permanent, we would favor seeing the Secretary call for referenda, on the continuation of the deduction, at reasonable periodic intervals, to maintain continuing grower review and control thereof.

In view of the fact that under the present arrangement careful safeguards are placed on its administration and, further, every grower of wool receives his proportionate share of the benefits paid for from these funds, we believe the program is as fair as could be provided.

Mr. POAGE. Are there any other questions or comments about this or any other phase of this subject? If not, we are very much obliged to you all for what I think has been a very good hearing. We received some very helpful suggestions. We thank you very much.

Mr. METCALFE. We certainly appreciate the very courteous and careful well carried out hearings you have had. We growers certainly appreciate it.

Mr. POAGE. Thank you.

STATEMENT OF HON. HAROLD C. OSTERTAG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. OSTERTAG. Mr. Chairman and members of the subcommittee, I appreciate the opportunity to present my views in support of extending the National Wool Act.

This act has provided a reasonable stimulus of incentive payments to increase the production of wool in our country. Our wool production is accompanied by unusual circumstances; wool is one of the few farming and ranching commodities in which we do not run a surplus, and so the incentives to raise production of this important commodity are realistic and justifiable. This program provides encouragement to producers without involving the Federal Government in every step of production and marketing.

The Wool Act has worked to the satisfaction of wool producers in our area of Western New York and they have urged continuation of the program. The Western New York Lamb Feeders and the New York State Sheep Growers Cooperative have both expressed their support for extension of the act.

STATEMENT OF HON. AL ULLMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. ULLMAN. Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present a statement in support of extension of the National Wool Act. The wool industry is an important one in my State of Oregon. In 1959 there were 917,000 head of sheep in Oregon valued at \$19.5 million. In the same year, 903,000 head of sheep were shorn to produce 7.5 million pounds of wool. Cash receipts to Oregon producers from wool totaled \$3.1 million in 1959. I might point out that most of the wool industry in my State is in my congressional district. I would also note that these figures represent a very substantial improvement in the condition of the Oregon wool industry over that prevailing prior to passage of the National Wool Act in 1954. Whereas the number of sheep in Oregon had declined by 50 percent between 1942 and 1954, it has risen by more than 16 percent since enactment of this program.

When I appeared before your subcommittee in 1958 in support of the extension of the act which we voted that year, I noted that the situation in the wool industry in Oregon and the Nation had shown real improvement since passage of the Act and indicated my firm conviction that with continuation of the program we could confidently expect a continued growth in the health and stability of this important sector of our economy. Events since that time have fully supported my expectations and I believe that the program has sufficiently proved itself to merit the permanent extension which you are considering.

This program has eliminated the costly surpluses that had stemmed from earlier attempts to stabilize the industry. It has ended the decline which had threatened the virtual extinction of the domestic wool industry. It has resulted in a renewed vigor in this important sector of our economy which is reducing our dependence on outside sources and making us less vulnerable to future wool shortages. The industry has indicated its conviction that this is a sound and desirable program from its standpoint. It has cooperated fully in the self-help program established by section 708 of the act, with almost 70 percent of the producers indicating their approval in the September 1959 referendum. As you know, this program utilizes deductions from incentive payments to continue the work of the American Sheep Producers Council in cooperation with the Department of Agriculture to promote the marketing and consumption of wool.

In short, the program established by the National Wool Act has worked where previous programs failed. It worked well enough to justify its extension by the Congress in 1958 and has continued to work so well that I believe the permanent extension being requested would represent sound public policy. I repeat my words of 3 years ago—

the sheep industry, armed with the national wool program, has demonstrated its ability to help itself.

Let us continue this program so that this record may be extended and built upon.

As you gentlemen are fully aware, I am sure, action is necessary in the present session of Congress to make possible the Secretary of Agriculture's compliance with the terms of the act and announce the incentive level in advance of the next marketing year. At the same time, this announcement is vital to the planning of producers who need to have that information in shaping up their breeding flocks for the next year. Assurance of the program's continuation is also a key point in the credit aspect of the growers' operations. Understandably, the bankers want to know whether or not the program will be continued through the duration of the loans they are considering.

For all these reasons, an extension of the National Wool Act is necessary and action should be taken this year. I sincerely hope that you will report H.R. 3680 favorably and that permanent extension of the act will be enacted by the Congress.

May I also take this opportunity to record the support of the Oregon Wool Growers Association for this extension. Again, my appreciation for this opportunity to comment on a program of vital interest and concern to my people.

(The following statements and communications were also submitted to the subcommittee:)

STATEMENT BY THOMAS J. LLOYD AND PATRICK E. GORMAN, PRESIDENT AND SECRETARY-TREASURER, RESPECTIVELY, OF THE AMALGAMATED MEAT CUTTERS' AND BUTCHER WORKMEN (AFL-CIO)

One of us had intended to testify in person before the committee, but we were unable to do so because we were not informed of the hearings until some 40 hours before they began. Our representative in Washington was called by your staff on Monday, April 17, 1961, and informed that the hearings would be held on Wednesday, April 19, 1961, and Thursday, April 20, 1961. Needless to say this did not provide sufficient time to prepare our testimony and revamp our schedule.

Our union's 375,000 members include several thousand sheepshearers in the Rocky Mountain and Pacific Coast States. These men have been seriously hurt in the years since the end of World War II by the importation of cheap labor. They have suffered job losses and wage losses because growers have increasingly brought in low-wage shearing crews to undercut the wages and working conditions which our members enjoyed in their areas.

We want to point out quickly that this is an exactly similar complaint as the woolgrowers make to you to continue their subsidy from the Federal Government. They complain against the cheap wool coming into the United States from other countries. They state that this importation undercuts their living standards. They have asked Congress to do something about their problem. Congress has responded by providing them a subsidy, which the American taxpayer pays.

Since Congress has thought it just to protect the woolgrowers' earnings against unfair competition, we believe that it is only right that Congress provide the same protection to sheepshearing workers. This is only fair and equitable. These workers are American citizens deserving of the protection of their Government, just as the woolgrowers are.

Most of the cutrate shearing crews come into the Rocky Mountain and Pacific Coast States from Texas. The men themselves earn as little as one-third of shearing rate which our sheepshearers earn.

We have attempted to organize these shearers, but have had only mild success. Their earnings are so minimal that they need loans during the nonshearing season from the contractor who brings them north. The contractor therefore has a powerful hold on them during shearing season. He virtually owns them.

Not only are the wages of these shearers low in comparison with those earned by our members, but their living conditions are pitiful. They sleep around the trucks. They subsist on beans and other low quality foods. Further, we have found case after case in which employer social-security payments have not been made.

Obviously, our members cannot, and should not, be forced to lower their standards to compete against such primitive and illegal conditions. Yet this is what they have been forced to compete against.

As a result of the cutrate workers' substandard conditions, the contractors are able to charge the woolgrowers a lower price for shearing than can our union shearers. Many of the woolgrowers, who are subsidized by the Federal Government to protect their income, have taken part with alacrity in this horrible competition to drive shearing wages down.

Our members, the men who have done the shearing for decades, have therefore lost jobs. They have lost earnings.

It is our firm hope that this committee and the Congress will write into the Wool Act provisions establishing a minimum wage for sheepshearing workers employed by growers who are subsidized by the Federal Government. We urge that the committee provide in the bill that any grower receiving Government payments under the Wool Act pay a minimum of 35 cents per sheep for shearing.

The National Wool Act provides that Government payments be made to the growers to make up the difference between the market price for wool and the higher price established by the Federal Government for woolgrowers' protection. The woolgrower is protected against the operation of the laws of supply and demand. He is protected against the free market.

Yet the growers have looked with horror at the idea that the workers receive any form of income protection. Many are delighted with their opportunity to cut costs by driving shearing wages as low as possible.

Our union's representatives have on nearly a half dozen occasions in the last 2½ years attempted to meet with the officers of the National Wool Growers Association. We have sent two of our union's vice presidents to one of their conventions. We have sent some of our staff members to one of their executive board meetings. We, ourselves, as the principal officers of the union, have written to the officers of the association urging a meeting. At no time were we successful in arranging a frank discussion of the problems of sheepshearing workers and of possible solutions to these problems.

In fact, our own letters brought back the reply that the association had no authority under any circumstances to discuss sheepshearing workers' legislation, but would we please help the association get a higher tariff on lamb?

In short, we have made every sort of effort to solve this problem in an amicable way. We have been rebuffed at each time.

We see no other way but to request this committee and Congress to approve a 35-cent minimum shearing rate per sheep. We sincerely hope the committee will approve such a provision in the Wool Act.

Extension of the Wool Act without this provision would be highly unfair class legislation. It would use the money of our members and other workers to subsidize the growers without providing any protection whatsoever for the sheepshearing workers who are in great need for such safeguards.

Such class legislation should not be permitted to pass Congress. We would have to oppose it vigorously and urge other labor unions and other organizations to oppose it. Its inherent unfairness would leave us no other choice.

STATEMENT OF HON. HAROLD T. JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. Chairman, I would like to take this opportunity to express my full support on pending legislation to extend the National Wool Act.

The California wool industry is represented by an excellent organization, the California Wool Growers Association. It has advised me that its 21-branch association has endorsed fully permanent extension of the National Wool Act. To my mind this is a legitimate request because the Wool Act which is now set to expire in March of next year has worked well and is a sound program, benefiting both the sheep industry and the consumer. Making the extension of this act would give stability to the industry and permit long-range planning which is essential to our economy.

I might remind you that the Wool Act is a self-financing program and is one which does not build up our surpluses by putting wool into Government storage, which was the situation prior to the enactment of the 1954 National Wool Act. Operation of the Wool Act has enabled the reduction of Government stockpiles created prior to 1954. This type of self-help program deserves every consideration.

U. S. SENATE,
Washington, D.C., April 21, 1961.

HON. HAROLD B. COOLEY,
Chairman, House Agricultural Committee,
House of Representatives, Washington, D.C.

DEAR CONGRESSMAN COOLEY: I strongly urge your committee to approve legislation to make permanent the National Wool Act of 1954. This law was originally enacted with strong bipartisan support. Because of the success of this program and because of certain outstanding features of the act, I now urge that this law be made permanent.

Wool has always been an important commodity in our national security, especially in times of national emergency. The tense international situation makes it doubly important to preserve a domestic wool industry.

The act provides for an incentive price for shorn wool to be established at such a level as the Secretary of Agriculture determines to be necessary to encourage an annual production of 300 million pounds of shorn wool. The program is essentially self-financing through wool duties and does not, therefore, require a special Federal grant, nor does it affect our foreign trade.

The law is due to expire March 31, 1962. It is essential that this bill be acted on as early as possible so that woolgrowers can make their plans for next year and obtain the necessary financing from loan agencies to carry on their

operations. In fact, woolgrowers often have to plan as much as 2 years ahead. This is because they have to buy their replacement breeding stock a year in advance.

I will appreciate it if you will insert my letter in the record of your hearings. Sincerely,

WALLACE F. BENNETT.

MICHIGAN SHEEP BREEDERS' ASSOCIATION,
East Lansing, Mich., April 18, 1961.

HON. CHARLES E. CHAMBERLAIN,
House Office Building,
Washington, D.C.

DEAR MR. CHAMBERLAIN: We understand there is to be a hearing on the House of Representatives wool bill on April 19 and 20. We are not certain before which committee the hearing will be held so would appreciate very much your forwarding this letter immediately to the proper person.

Members of the Michigan Sheep Breeders' Association are very much in favor of a permanent extension of the National Wool Act. Michigan has a tremendous acreage of land suitable only for grazing and sheep are ideally suitable to use this land. Over the past 5 years sheep numbers in Michigan have shown a small but steady increase. The industry is just now beginning to get back on its feet. Wool is not like many other farm commodities in that there is no oversupply. The United States currently imports the greater portion of our wool requirements. Everyone is well aware of the national defense implications of wool and a strong American wool industry.

The Michigan Sheep Breeders' Association at its annual meeting passed a resolution strongly urging the extension of the Wool Act. Any help you can give us will be greatly appreciated.

Very truly yours,

MICHIGAN SHEEP BREEDERS' ASSOCIATION,
GRAYDON BLANK, *Executive Secretary*.

LAFAYETTE, IND., April 20, 1961.

HON. CHARLES E. HALLECK,
House Office Building, Washington, D.C.:

Indiana sheep breeders endorse permanent extension National Wool Act. Request this wire be included in hearings.

INDIANA SHEEP BREEDERS ASSOCIATION,
H. D. McCORMACK, *President*.

MUNCIE, IND., April 21, 1961.

HON. RALPH HARVEY,
House of Representatives, Agriculture Committee,
Washington, D.C.:

Urge Wool Act extension as U.S. growers under severe price pressure beyond our control. Imports and high production cost cited. Refer you to recent letter to you, U.S. sheep industry needed future security.

LAWRENCE LOVE.

ALEXANDRIA, LA., April 19, 1961.

HON. HAROLD B. MCSWEEN,
House of Representatives Office Building,
Washington, D.C.:

Please include in the record that this Central Louisiana Sheep Association favors the permanent extension of the National Wool Act.

J. D. TANNER,
President, Central Louisiana Sheep Association.

COLUMBIA, Mo.

HON. MORGAN M. MOULDER,
House Office Building, Washington, D.C.:

Permanent extension National Wool Act vital to entire sheep industry. American Corriedale Association requests your cooperation to insure the inclusion of its endorsement of that act in the hearing record April 19 and 20.

ROLLO E. SINGLETON,
Secretary, American Corriedale Association, Columbia, Mo.

UPPERCO, MD., April 18, 1961.

Representative DANIEL B. BREWSTER,
House of Representatives, Washington, D.C.:

Maryland Sheep Breeders Association respectfully urges that you support extension of National Wool Act and include our organization endorsement of same in hearing record.

FRED H. PRICE, President.

Mr. POAGE. I will ask the committee to remain for a moment to have an executive session.

(Whereupon, at 2:50 p.m. the hearing was closed.)

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